Renishaw plc

18 September 2025

Preliminary announcement of results for the year ended 30 June 2025

FY2025 highlights

Record revenue and increased adjusted profit in challenging market conditions

- 3.7% constant currency revenue growth from diversified portfolio against a tough economic backdrop
- Accelerating innovation with new product introductions in established, emerging and new markets to underpin future growth
- Stable adjusted operating profit margins, with productivity initiatives and growth supporting improved gross margin (excl. engineering).
- Confidence in further progress towards margin improvement objective, supported by £20m annualised payroll reduction to take effect in FY26 H1, alongside £3m of annualised benefit from exiting Neurological drug delivery
- Continued strong cash generation and balance sheet
- Proposed full year dividend increased by 2.5%

Performance highlights

	Adjusted*			Statutory		
	FY2025	FY2024	Change	FY2025	FY2024	Change
Revenue (£m)	713.0	691.3	+3.1%	713.0	691.3	+3.1%
Operating profit (£m)	112.3	108.7	+3.3%	107.9	108.7	-0.7%
Operating profit margin (%)	15.7%	15.7%	-	15.1%	15.7%	-0.6%
Profit before tax (£m)	127.2	122.6	+3.8%	118.0	122.6	-3.7%
Earnings per share (pence)	137.8	133.2	+3.5%	115.2	133.2	-13.5%
Dividend per share (pence)				78.1	76.2	+2.5%

Revenue was 3.1% higher at a record £713.0m (FY2024: £691.3m):

- Revenue at constant exchange rates, excluding the impact of forward contracts, was £25.8m (3.7%) higher than the previous year;
- Manufacturing technologies revenue was 3.6% higher at £671.5m, with good revenue growth from position encoders and 5-axis co-ordinate measuring machine systems, whilst demand for additive manufacturing (AM) systems was weaker; and
- Analytical instruments and medical devices revenue was 3.8% lower at £41.5m, with growth in neurological products being offset by lower sales of spectroscopy systems;
- 7.2% constant currency growth in APAC, including good growth in China; 2.2% growth in Americas, whilst EMEA revenues were flat.

Adjusted profit before tax was 3.8% higher at £127.2m (FY2024: £122.6m):

- Gross margin excluding engineering costs improved to 61.7% (FY2024: 61.0%);
- Gross engineering costs increased by 8.3% to £115.7m (excluding non-recurring costs) as we continue to invest in innovation, with distribution and administration costs both 3.0% and 2.7% higher respectively; and
- Adjusted operating profit was up 3.3% to £112.3m (FY2024: £108.7m), with adjusted operating profit margin flat at 15.7%; cost reduction plans and productivity initiatives implemented to move towards our 20% target.

Statutory profit before tax was 3.7% lower at £118.0m (FY2024: £122.6m).

- Non-recurring costs included in statutory profit before tax include a total of £4.4m relating to the closure of our Edinburgh research facility and the drug delivery aspect of our Neurological business, as well as £4.9m of provisions relating to other interest payable on historical and non-recurring tax matters.

Adjusted earnings per share were 3.5% higher at 137.8 pence (FY2024: 133.2 pence), whilst **statutory earnings per share** were 13.5% lower at 115.2 pence (FY2024: 133.2 pence).

- £9.2m of provisions relating to historical and non-recurring tax matters are included in statutory profit after tax.

Strong balance sheet with cash and cash equivalents and bank deposit balances of £273.6m, (FY2024: £217.8m):

- Invested £46.3m (FY2024: £65.2m) in capital expenditure, mostly plant and equipment to support manufacturing automation and capacity growth;
- Return on invested capital* increased to 12.6% (FY2024: 12.3%);
- Adjusted cash flow conversion from operating activities* exceeded target at 91% (FY2024: 70%); and
- Attention is increasingly focused on capital allocation priorities to support the next phase of the company's development

Proposed final dividend of 61.3 pence per share.

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

Will Lee, Chief Executive Officer, commented:

"I am pleased to report record revenue in FY2025, combined with an increase in adjusted profit before tax in what remain challenging market conditions. We continue to make solid progress with our innovation-led growth strategy, introducing many exciting new products this year and equipping our expanded manufacturing facilities for future growth.

There has been a steady start to FY2026, in line with our expectations. Despite the continued global uncertainty, the structural drivers that underpin our markets are presenting growth opportunities across our businesses and at this stage we are expecting to achieve further steady revenue growth in the year ahead.

We are focused on achieving our financial targets over time of high, single-digit average through-cycle revenue growth and adjusted operating profit margins of 20%. To improve our margins, we are continuing to invest in our IT transformation and productivity improvements, and we are reducing our fixed costs in relation to the size of the business with clear targets for production, engineering, distribution and administration costs.

The Board remains confident in our long-term sustainable growth model to drive shareholder value. This is built on solving customer problems with innovative products, global service and world-class in-house manufacturing."

Strategic progress

Our ambition is to deliver high single-digit growth through the business cycle, combined with 20% operating margins, strong cash conversion and 15% return on invested capital. Our long-term value creation model explains how we will achieve these goals, including three areas of strategic focus:

1. **Growing in our existing markets** – aiming to increase revenue by driving up probe fitment levels, offering higher value sensors, and by winning more customers that build machinery.
   - Introduced Opti-Logic™ technology in our twin probe system for machine tools, making it easier and faster to set up using a smartphone app.
   - We saw strong demand for laser encoders for semiconductor wafer inspection this year. We launched our next generation of laser encoders with improved metrology performance and ‘plug-and-play’ functionality, making them easier to install and service.
2. **Increasing the value of the technology we sell** – aiming to provide our end-user customers with complete solutions to capture a greater proportion of their investment.
   - Growth in sales of our AGILITY CMMs and Equator™ gauges, helped by the continuing trend for automation of process control on the shop-floor.
   - Launched the RenAM 500D dual laser AM machine which, when fitted with our TEMPUS™ technology, prints up to three times faster than other single laser systems.
   - Introduced the Equator-X™ dual method gauging system and MODUS IM Equator software at the end of the year, with full launch at the EMO Hannover exhibition in September 2025. The software will make Equator systems easier to use and help reduce distribution costs, with less need for applications support.
3. **Extending into new, high-growth markets** – aiming to diversify into close-adjacent markets where we have strong market understanding and brand awareness.
   - Launched our ASTRiA™ inductive encoder line, which offers robust and accurate position measurement in harsh environments, including robotics, defence and medical devices.

Other strategic progress this year includes:

- First use of our new minimum viable product (MVP) approach which enables us to bring products to market faster and gain confidence before committing more development costs. This enabled us to rapidly develop and launch the ASTRiA encoder.
- Actively managed our portfolio, exiting the drug delivery aspect of our Neurological business, and continue to seek a new owner for the remaining neurosurgical activities.
- Initiated an operating cost reduction programme to achieve annualised payroll savings of £20m, taking effect in the first half of FY2026. Additional initiatives to help achieve our ambition include more manufacturing automation, prioritisation of R&D projects, and investments in IT systems and AI to increase productivity across the business.

About Renishaw

We are a world leading supplier of measuring and manufacturing systems. Our products give high accuracy and precision, gathering data to provide customers and end users with traceability and confidence in what they're making. This technology also helps our customers to innovate their products and processes. We are a global business, with customer-facing locations across our three sales regions; the Americas, EMEA, and APAC. Most of our R&D work takes place in the UK, with our largest manufacturing sites located in the UK, Ireland and India.

Further information can be found at www.renishaw.com

Live Q&A session

There will be a live audio-only question and answer session with Will and Allen at 10:30 BST on 18 September 2025. Details of how to register for this webcast are available at the following link: https://www.renishaw.com/en/register-for-the-2025-full-year-results-webcast--49863

Questions can be submitted during the webcast or in advance to communications@renishaw.com (if sending by email, please submit by 09:30 BST on 18 September).

A recording of the Q&A session will be made available by 19 September 2025 at: www.renishaw.com/investors.

Enquiries: communications@renishaw.com

COMMENTARY BY THE CHIEF EXECUTIVE OFFICER

We achieved revenue of £713.0m boosted by the ongoing recovery in the semiconductor market, with 3.1% annual growth at actual exchange rates and underlying annual growth of 3.7% at constant currency*. Adjusted* profit before tax of £127.2m was 3.8% higher than last year, while statutory profit before tax of £118.0m was 3.7% lower.

We continued to see rising demand from the semiconductor manufacturing equipment market for both our laser and optical encoder products, and achieved steady progress in systems sales, with good growth for AGILITY co-ordinate measuring machines (CMMs). Lower demand from the automotive sector affected sales of our Industrial Metrology (IM) products. However, opportunities in other sectors, including consumer electronics, helped offset that weakness and highlighted the strength of having a business that serves multiple sectors.

I would like to thank everyone at Renishaw for their resilience and commitment to delivering business growth under challenging global conditions. I have been impressed with their dedication and commitment to our purpose.

During the year, I have been fortunate to meet many of our teams – from those involved in early-stage research to those working closely with our global customers. I was constantly reminded of the importance of strong relationships, and have particularly enjoyed meeting customers and hearing how we have worked together over many years to help solve their challenges. This has also been the first full year of our enhanced investor relations programme, and I have found it illuminating to meet with many shareholders. Their feedback is very helpful to the Board's strategic discussions.

As already communicated, Allen Roberts leaves Renishaw at the end of 2025. Since I joined the Board in 2016, I have valued Allen's calm judgement, his deep understanding of our operations and the integrity that he exhibits in his approach to business. He has been invaluable to the Board, and I wish him the enjoyable retirement that he fully deserves for his many years of commitment to our Company.

Remembering Sir David McMurtry

This has been a year of deep sorrow for everyone at Renishaw following the death of our co-founder, Sir David McMurtry, in December 2024. We held a special event in July 2025 to celebrate his life and legacy, which highlighted his immense contributions to aerospace, metrology and the automotive sector, and as a private benefactor to his local community. Having worked closely with Sir David during my Renishaw career, the values and approach to innovation that he represented, and the ethos that he and John Deer, co-founder and Non-executive Director, instilled in Renishaw, will continue to guide me and the development of our business.

Group performance

Total revenue for the year was £713.0m, compared with £691.3m in FY2024. Revenue at constant exchange rates, excluding the impact of forward contracts, was £25.8m higher than the previous year.

At actual and constant currency rates we saw growth in our APAC region, with growth in Manufacturing technologies revenue boosted by sales from the Position Measurement (PM) product group. Despite continuing pricing pressures, we saw good growth in China. While lower-cost competition is rising in the region, we see opportunities in areas of the market that we do not currently address, provided we supply products with the appropriate specification and price. The Americas also saw growth at actual and constant currency rates, with growth for our IM, PM and Neurological product groups. EMEA revenue was flat, with growth in PM products, notably for laser encoders. This offset the decline in Additive Manufacturing (AM) and IM revenue, with the latter seeing particular weakness in machine tool sensors, affected by the automotive sector.

Revenue for our Manufacturing technologies segment was £671.5m, representing 3.6% growth over the last year. IM was flat compared to last year, with mixed performance for its product lines. While we saw revenue growth in our metrology systems products, including AGILITY CMMs, revenue for sensors was slightly lower than last year. Our systems products are benefiting from the continuing trend in manufacturers integrating metrology on the shop floor to provide real-time control of machining processes. The automotive market aside, demand for metrology sensors is still growing in most sectors, demonstrating the resilience of our business as we continue to benefit from the increasing use of automation. PM revenue was higher, with growth in all product lines boosted by demand from both the semiconductor sector – where AI has driven demand for chips – and EV suppliers who are investing heavily in highly automated battery manufacturing facilities. All our encoder products are benefiting from the continuing rise in industrial automation and robotics. While our AM revenue was lower, we enter the year with a good order book in the Americas and EMEA. We continue to see demand from the aerospace sector, due to AM's ability to manufacture complex parts and consolidate parts to eliminate the need for assemblies. The medical/dental sector is another key market due to AM's ability to make custom parts, and we saw increasing demand in consumer electronics and defence, where AM supports the requirement for fast-moving design iterations.

Our Analytical instruments and medical devices segment had a disappointing year with revenue of £41.6m, which was 3.8% lower than FY2024. Revenue for the Spectroscopy product line was lower but ended the year with a strong order book. We are selling more of our newer products, which has helped significantly increase sales for industrial applications. This has helped offset national government reductions in research budgets, most notably in the USA. An increasingly diverse customer base is also ensuring greater resilience with less reliance on public sector research. Sales of our Neurological products were higher, with growth for our neuromate surgical robot compensating for the decline in sales in our drug delivery business, which we have decided to close. The growth in robot sales was due to a mixture of new sales, prompted by general growth in robotic surgery, and replacement sales for older neuromate systems.

Adjusted profit before tax for the year was £127.2m (FY2024: £122.6m). Adjusted* earnings per share was 137.8p (FY2024: 133.2p). Adjusted measures are the ones the Board uses to measure our underlying trading performance. Statutory profit before tax was £118.0m, (FY2024: £122.6m), leading to Statutory earnings per share of 115.2p (FY2024: 133.2p). Statutory profit after tax includes £13.2m of provisions relating to historical and non-recurring tax matters, which are excluded from adjusted measures given they do not represent underlying performance and we do not expect them to recur, of which a £4.9m interest expense is included in statutory profit before tax. For more details see the commentary by the Group Finance Director.

Our purpose and ambition drive our strategy

Our ambition as a manufacturing technology powerhouse is to continue our track record of long-term organic growth in revenue and profitability, underpinned by our purpose of Transforming Tomorrow Together. This drives us to work closely with our customers to solve their problems with innovative products that are delivered through world-class, in-house manufacturing and global service.

We are targeting high single-digit average growth through the business cycles that we face in our core markets, combined with Adjusted* operating profit margins in excess of 20%. Our track record of through-cycle growth over several decades, and the attractive opportunities we see from global trends, such as digitalisation and industrial automation, give us confidence that we can achieve these targets in the future.

As discussed at our Capital Markets Day in June 2025, we have various initiatives underway to help us achieve our financial targets. These include continuing to drive revenue growth through accelerated innovation and improving operating margins through focused execution and productivity.

Our recent focus on improving returns from R&D expenditure is now being realised, with some important new products launched in FY2025 and early FY2026 that will help drive future growth.

We are aiming to increase Adjusted operating profit from 15.7% to more than 20% by driving down costs in production, engineering, distribution and administration as a percentage of revenue. We are in the process of implementing an operating cost reduction programme, which aims to achieve annualised labour cost savings of £20m through a voluntary and compulsory redundancy programme. This was not a decision we made lightly, and I would like to thank all those affected for their contributions to Renishaw.

Additional initiatives to help us achieve our targets include: automating more of our manufacturing operations; greater prioritisation of R&D projects and bringing products to market faster; developing software so that our products require less field support; and implementing Microsoft Dynamics 365 to streamline customer transactions. We are also investing in AI software tools to increase productivity in all areas of the business.

We are actively managing our business portfolio, taking the decision this year to exit the loss-making drug delivery aspect of our Neurological business. This will lead to an annual benefit in Group operating profit of around £3m thereafter, and we continue to seek a new owner for the remaining neurosurgical activities.

Effective 1 July 2025, we introduced three new reporting segments that are more closely linked to end user markets and external demand drivers, and better aligned with our evolving organisational structure. We believe this will help investors better understand our business.

Making strategic progress for growth

We have also continued to make solid progress against our three strategic focus areas:

1. growing our existing markets;
2. increasing the value to Renishaw of the technology that we sell; and
3. extending into new, high-growth markets.

These areas are integral to our long-term value creation model.

Growing our existing markets

We aim to increase revenue by driving up probe fitment levels, offering higher value sensors, and winning more customers that build machinery. This requires strong ongoing R&D investment to keep creating innovative products that differentiate us from our competitors, and help us to make the most of new opportunities as they arise. This year, that investment led to the introduction of Opti-Logic technology in our twin probe system for machine tools, making it faster and easier to set up using a smartphone app. Our laser encoders were the best-performing product line in FY2025, with strong demand for semiconductor wafer handling machinery applications. We recently launched our next generation of laser encoders with improved metrology performance and ‘plug-and-play’ functionality, making them easier to install and service.

Increasing the value of the technology we sell

Our second strategic focus is designed to help us increase revenue by providing our end user customers with complete solutions to capture a greater proportion of their investment. This includes our AGILITY CMMs, which achieved good growth this year.

We also launched the RenAM 500D dual laser AM machine, which when fitted with our TEMPUS technology offers production speeds that are up to three times faster than conventional single laser systems. We unveiled our new Equator-X dual method gauging system and MODUS IM Equator software at this year’s Capital Markets Day, and will fully launch both at the EMO Hannover trade fair in September 2025. Our software is part of the important MODUS IM family, which will make our metrology systems products, such as Equator gauges, easier to use and help reduce distribution costs, with less need for applications support.

Extending into new, high-growth markets

Our third strategic focus is to diversify into close-adjacent markets where we have strong market understanding and brand awareness. Here, we have launched our new ASTRiA inductive encoder line, offering robust and accurate position measurement in harsh environments, including robotics, defence and medical devices. This is the first product we have developed using our new minimum viable product (MVP) approach, which enables us to bring products to market faster and gain confidence before committing more development costs.

Steady progress in our ESG strategy

In the first year of our new ESG strategy we have continued to make good progress towards our target of Net Zero for Scope 1 and 2 emissions by 2028. We reduced these by 13% versus FY2024, helped by the ongoing transition of our global vehicle fleet to ultra-low emissions vehicles. Reducing our Scope 3 emissions remains challenging because we rely heavily on our supply chain to find solutions.
I am, therefore, pleased to see the progress our sustainability and procurement teams made this year, working with our largest metals supplier to develop a methodology to quantify their emissions. This identified an opportunity to transition the majority of the aluminium we buy from this supplier from 75% to 100% recycled content. This will enable us to reduce the emissions intensity of the main aluminium products we buy. We are now working with five other metals suppliers using the same methodology.
We continue to see significant commercial opportunities arising from decarbonisation – one of the structural drivers that underpins our markets. During the year, we focused particularly on improving the way we capture, analyse and report on key data. This includes transitioning to more primary data for Scope 3 emissions, and improving our internal data collection and audit processes for Scope 1 and 2 emissions.

We also ran our second global employee engagement survey this year, with an 11% rise in responses. I was personally delighted to participate in the first of our new listening group sessions, hearing first-hand what it’s like working in an engineering business for some of Renishaw’s female employees, as well as their ideas for attracting a more diverse workforce.

Outlook

There has been a steady start to FY2026 in line with our expectations. Despite the continuing global uncertainty, the structural drivers that underpin our markets are presenting growth opportunities across our businesses and at this stage we are expecting to achieve further steady revenue growth in the year ahead.

We are focused on achieving our financial targets over time of high single-digit average through-cycle revenue growth and Adjusted operating profit margins of 20%. We remain confident in our organic growth strategy given the progress that we have again made against our three strategic focus areas for growth, and we are excited by the revenue potential from recently launched products. To improve our margins, we are continuing to invest in our IT transformation and productivity improvements, and we are reducing our fixed costs in relation to the size of the business, with clear targets for production, engineering, distribution and administration costs.

The Board remains confident in our long-term sustainable growth model to drive shareholder value. This is built on solving customer problems with innovative products, global service and world-class in-house manufacturing.

Will Lee

Chief Executive Officer

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

COMMENTARY BY THE GROUP FINANCE DIRECTOR

FY2025 was a year of adjusted profit progress and record revenue in challenging market conditions. While we have continued to experience cost pressures, and are taking action to move us towards our operating margin target, Adjusted* profit before tax increased by 3.8% to £127.2m (FY2024: £122.6m).

We have exceeded our target for cash flow conversion and further strengthened our financial position, with cash and cash equivalents and bank deposit balances at the year end of £273.6m (30 June 2024: £217.8m). This includes our planned reduction in capital expenditure this year, as we now look to benefit from recent investments made in manufacturing infrastructure.

Although we face global political and economic uncertainties, we are well positioned for future growth opportunities and unexpected market downturns.

Financial performance

Revenue

As Will has explained in his review, we achieved 3.1% growth in revenue to £713.0m (FY2024: £691.3m) and so have again achieved record revenue. We continue to benefit from being diversified across a range of markets; while the automotive market was weaker, the semiconductor and defence markets were positive, and we also saw good growth in our metrology systems products including AGILITY CMMs.

With 20% of our revenue coming from the USA, and our manufacturing located in the UK, Ireland and India, we have been closely monitoring and managing the impact of the US Government's tariff changes during the year. While we experienced some net costs when the tariffs came into effect, we have since been able to mitigate them with surcharges.

At constant exchange rates*, revenue would have been 3.7% higher than the previous year. This is mostly as a result of an appreciation of GBP relative to USD, from an average of 1.26 in FY2024 to 1.30 in FY2025. The effect of currency has been partly mitigated by our treasury strategy; without our forward cash flow hedging contracts, revenue would have increased by 0.4%.

Operating costs

We introduced our Adjusted operating profit margin key performance indicator (KPI) last year, with our target of 20%. While we have achieved a margin of 15.7% this year, the same as the previous year, we have undertaken cost initiatives to help move us to this target in the medium term, along with our revenue growth strategy.

Managing our labour costs has continued to be a priority this year, as we target the right balance of rewarding and motivating existing staff, bringing in new people where needed, and generating value for shareholders. We increased salaries by an average (globally) of 4.2% from January 2025 and had a net average headcount increase of 126, resulting in an increase in total payroll costs of £18.2m, or 6.3%. External factors have also been a significant consideration this year, with National Insurance rises in the UK increasing our costs by £1.0m in FY2025, and around £4.0m per year going forward.

In light of these cost pressures, and our expectations of growth, we made the difficult decision in June to initiate a redundancy programme to achieve £20m of annualised savings. This was initially a voluntary programme, with a compulsory programme following in July, mostly affecting people in the UK, Ireland and the EMEA region. Redundancy costs of around £16m will be recognised in FY2026, and excluded from adjusted profit and earnings measures.

Other efforts to improve our operating margin include investments in our manufacturing and logistics facilities, with new machine tools, robots and automated warehousing. These have helped improve this year's gross margin (excluding engineering costs) as a percentage of revenue to 61.7%, compared with 61.0% last year, and will benefit our future margin. We should also see economies of scale in producing our AGILITY CMMs and AM machines as we expand within our existing factory footprint. While we continue to experience pricing pressures globally, we have generally maintained our net pricing with customers, and we intend to make targeted price rises in the coming year.

Our core strategy remains to deliver organic growth by developing innovative and patented products, and we have reviewed our priorities during the year to improve our focus and reduce our time to market. This review has resulted in the closure of the drug delivery aspect of our Neurological business and a research facility in Edinburgh, resulting in one-off costs of £2.1m and £2.3m respectively. These are included in the 12% increase in our gross engineering expenditure of £120.1m (FY2024: £106.8m), but treated as adjusting items, and are expected to lead to an annualised increase in operating profit of around £4m.

We're also implementing a new global ERP system and a new e-commerce platform, which will make many of our sales, distribution and finance processes more efficient. While this has meant higher software and consultancy costs in recent years, we expect this investment to streamline customer interactions and improve productivity in the future.

Profit and tax

Adjusted* operating profit was 3.3% higher this year at £112.3m (FY2024: £108.7m). At constant exchange rates*, Adjusted operating profit would have been 1.2% higher than last year.

Adjusted* operating profit in our Manufacturing technologies segment was £109.9m, compared with £103.2m last year. In our Analytical instruments and medical devices segment, Adjusted* operating profit was £2.4m, compared with £5.5m last year.

To reflect our evolving organisational structure we will be reporting on three segments from FY2026: Industrial Metrology, Position Measurement, and Specialised Technologies.

Financial income, net of financial expenses, for the year was £6.6m, compared with £10.0m last year. This includes a £2.6m increase in interest on bank deposits due to higher interest rates and amounts on deposit, less £4.9m of interest payable on historical tax matters. See Note 5 for a full analysis.

Adjusted profit before tax was £127.2m, compared with £122.6m in FY2024. Statutory profit before tax was £118.0m, compared with £122.6m in the previous year.

The FY2025 effective tax rate has increased to 29.0% (FY2024: 21.0%) mostly as a result of historical and non-recurring tax matters and the new global minimum tax. The underlying effective tax rate, excluding these items, is similar to the previous year. Tax matters of £9.1m relate to specific legacy arrangements which we wouldn't expect to recur. While applicable accounting standards require a full provision for tax and the associated interest of £4.9m we continue to seek resolution to these matters which would reduce these amounts.

Certain infrequent events can sometimes affect our financial statements, prepared according to applicable International Financial Reporting Standards. We exclude these events from adjusted profit and earnings measures to give the Board and other stakeholders another useful metric to understand and compare our underlying performance. This year, we have excluded costs relating to the closure of our Edinburgh research facility (£2.3m), the drug delivery aspect of our Neurological business (£2.1m), and historical and non-recurring tax matters (£9.1m tax and £4.9m interest) from Adjusted profit measures, which are detailed in Note 29.

Earnings per share

Adjusted* earnings per share is 137.8p (FY2024: 133.2p), while Statutory earnings per share is 115.2p (FY2024: 133.2p).

Financial position

As noted earlier, we reduced our capital expenditure this year, with additions to property, plant and equipment of £46.3m (FY2024: £65.2m). This largely relates to manufacturing equipment at our Miskin facility in Wales, UK, following completion of its expansion in the previous year. This project has significantly increased our global manufacturing floorspace, allowing for our expected future growth.

Looking next at intangible assets, our strategic focus on fewer but more significant research projects resulted in £10.0m of additions to capitalised development costs (FY2024: £9.3m). The decision to close our drug delivery business and stop several other projects led to a £1.8m impairment.

In working capital, we've continued to focus on our inventory holding requirements, with inventory at 30 June 2025 totalling £159.5m, which is a £2.5m reduction on the previous year. Trade receivables decreased from £134.1m to £128.5m, mostly due to currency translation. With good credit management practices across the Group, we continue to experience low levels of defaults, and hold a provision for expected credit losses at 0.5% of trade receivables (FY2024: 0.5%).

While our tax charge increased by £8.5m year on year, our net current tax position has reduced by £24.4m. This is mainly due to tax receipts in the UK during the year, from £14.6m of overpayments in the previous two years, and R&D tax credits. Excluding these receipts, our tax payments would have been £20.8m, which is similar to the previous year.

Our defined benefit pension schemes (including reimbursement right) had a net surplus of £3.2m at the end of the year, compared with £1.6m at 30 June 2024. With a buy-in of the UK scheme completed last year, we expect future movements not to be material.

An error was identified in the year with the Group's classification of a German pension scheme as a defined contribution scheme, as opposed to a defined benefit scheme. In line with IAS 8, the Group has restated balances as at 30 June 2024 and 1 July 2023. The balance at 30 June 2025 for the non-current liability employee benefit and reimbursement right asset were £21.1m and £12.9m respectively, see note 1 and 23 for further details.

Total equity at the end of the year was £925.9m, compared with £896.3m at 30 June 2024. This is primarily a result of profit for the year of £83.8m, less dividends paid of £55.4m.

Cash flow, liquidity and treasury management

We continue to have a strong liquidity position, with cash and cash equivalents and bank deposit balances at 30 June 2025 of £273.6m (30 June 2024: £217.8m). This is a result of our cash flows from operating activities of £147.9m (FY2024: £124.1m), partly offset by our previously noted capital investments, and dividends paid of £55.4m.

We introduced Adjusted cash flow conversion from operating activities* as a KPI last year, which assesses our efficiency at converting operating profit into cash. Given lower capital expenditure of £46.3m (FY2024: £65.5m) and higher working capital inflows of £9.1m (FY2024: £3.9m), we achieved 91% this year (FY2024: 70%), above our target of 70%.

We have significant exposure to currency movements, and we use forward exchange contracts to help mitigate this in two areas. We hedge against a proportion of our anticipated Euro, US Dollar and Japanese Yen cash inflows over a two-year period, where our forward rate cap policy allows. We also use contracts to offset movements in intercompany financing balances in these three same currencies, and Canadian Dollars. While this mitigates short-term volatility relating to foreign currency movements, this doesn't mitigate our exposure to longer-term structural changes in exchange rates. We do not speculate with derivative financial instruments.

Our treasury management also seeks to ensure that appropriate and dynamic funding arrangements are available for each of our companies, and that we maximise interest income on our cash and bank deposits.

Capital allocation

Our priorities in allocating capital are to maintain a strong financial position, generate cash to invest in organic growth, and provide regular returns to shareholders. We continue to commit to R&D investment in new products and processes, and to investments in our infrastructure.

While climate change and our own Net Zero targets aren't expected to have a material effect on revenue and profit in our five-year financial plan, we do expect to continue to invest in the capital expenditure needed to achieve these targets.

We continue to value having cash in the bank to protect our business, recognising that we are exposed to some volatile markets. We monitor our cash against a minimum holding requirement according to overheads and revenue downturn scenarios. This cash also allows us to react swiftly as investment or market capture opportunities arise.

We introduced Return on invested capital* as a new KPI last year, which assesses our efficiency in allocating capital to profitable investments. We achieved 12.6% this year, a small improvement on last year (FY2024: 12.3%). We expect to drive this metric towards our target of 15% with higher profits and lower levels of future capital expenditure.

We have a progressive dividend policy, aiming to increase the dividend per share while maintaining a prudent level of dividend cover. This year we paid an interim dividend of 16.8p per share (FY2024: 16.8p) and are proposing a final dividend of 61.3p per share (FY2024: 59.4p), resulting in a total dividend for the year of 78.1p per share, a 2.5% increase on the previous year.

Looking forward

We remain focused on our revenue growth and operating margin targets. There are good opportunities to increase revenue in existing markets and to extend into new markets, building on three years of successive revenue growth. Alongside this, we are improving operating margins by reducing our fixed costs in relation to our revenue and investing in our infrastructure and systems.

Allen Roberts

Group Finance Director

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

Principal risks and uncertainties

Our performance is subject to a number of risks – the principal risks, factors impacting on them and mitigations are listed in the table below, as well as an indication of the movement of the risk in the last year, our appetite towards that risk, and how the risk links to our strategy. The Board has conducted a robust assessment of the principal risks facing the business.

Velocity		Appetite	
Very Low	Very slow impact, response time adequate to mitigate effects	Very Low	Following a marginal-risk, marginal-reward approach that represents the safest strategic route available.
Low	Slow impact, robust response to strategy may mitigate effects	Low	Seeking to integrate sufficient control and mitigation methods in order to accommodate a low level of risk, though this will also limit reward potential.
Medium	Moderate time to impact, swift and robust response may mitigate effects	Balanced	An approach that brings a high chance of success, considering the risks, along with reasonable rewards, economic and otherwise.
High	Fast impact, immediate response may mitigate effects	High	Willing to consider bolder opportunities with higher levels of risk in exchange for increased business payoffs.
Very High	Very rapid impact with little or no warning. No time to respond and mitigate effects	Very High	Pursuing high-risk, unproven options that carry with them the potential for high-level rewards.

Link to strategy:
– **G**: Growth in existing markets
– **I**: Increasing technology value
– **E**: Extending into new markets

<table>
<tr><th colspan="3">Geopolitical uncertainty (formerly Economic and political uncertainty)</th></tr>
<tr><td rowspan="2">Velocity
High

Appetite
Balanced

Link to strategy
All

Risk owner
Chief Executive Officer</td><td colspan="2">Risk description
We are unable or slow to respond to geopolitical changes that may impact the delivery of our growth plans.</td></tr>
<tr><td>Potential impact
• Reduced addressable market.
• Increased sales concentration in fewer regions.
• Capital losses from stranded assets.
• Reputational damage if key markets become inaccessible.
• Reduced margins or competitiveness.
• Decline in overall demand.</td><td>What we are doing to manage this risk
• Monitoring external economic and commercial environments and markets in which we operate and identifying relevant headwinds.
• Maintaining our global operating model via regional locations for customer sales and support, inventory management and distribution.
• Maintaining sufficient headroom in our cash balances.
• Business continuity and procurement policies in place that include supply chain risk assessment and mitigation of potential disruption.
• Resilient business model and clear strategy, both of which we regularly scrutinise.
• Financial modelling and stress testing management of cash balances.
• Our internationally diverse business helps to diversify the risk.</td></tr>
</table>

Low-price competition (formerly Competitor activity)

Velocity Medium Appetite Balanced Link to strategy G, I Risk owners Chief Executive Officer	**Risk description** We are disrupted by emerging rivals who offer comparable products for lower prices in our markets, leading to margin erosion and market share loss.	
	Potential impact • Reduced revenue, profit and cash generation. • Loss of market share and/or pricing power, but also provides an opportunity to expand into new market segments. • Reduced in unit and operating margins. • Loss of reputation as a leader in innovation.	**What we are doing to manage this risk** • Enforcing our intellectual property rights and implementing exclusive distribution agreements. • Enhancing engagement with key accounts to ensure larger customers fully recognise the value of our products, services and support offerings. • Pursuing long-term supply agreements to strengthen commercial relationships. • Reducing manufacturing costs by using lower-cost materials and introducing greater automation. • Creating capabilities to manufacture certain products in regions with lower operating costs. • Developing strategies to introduce competitively priced entry-level products designed for emerging markets. • Strengthening senior management's exposure and understanding of emerging markets.

Product innovation (formerly Innovation strategy)

Velocity Medium Appetite HIGH Link to strategy All Risk owner Chief Executive Officer	**Risk description** Failure to develop our competitive position and derive value from our investment in product innovation.	
	Potential impact • Failure to lead the market with innovative products in our core and adjacent sectors. • Gradual loss of market share. • Reduced revenue, profit and cash generation. • Inability to differentiate ourselves from our competitors. • Failure to hit business plan targets and recover investment in R&D.	**What we are doing to manage this risk** • Adopting a minimum viable product approach on some projects, aiming to bring products with restricted specification to market quickly, establish an early market presence, and enable agile product development. Our ASTRiA inductive encoder is an early example of this. • Target for new product introductions in place for senior management to help drive performance. • Regular reviews of flagship projects with a focus on goals and milestones, upcoming decisions, and capability to deliver. • Rolling business plans for high-spend projects enable better understanding and reporting of ROI. • Ongoing review of geopolitical changes, forecasting and business development opportunities. • Market development monitoring in place and subject to regular review. • Regular customer business development and insight activities. • Competitor insight monitoring with material updates shared with the Executive Committee.

Industry fluctuations

Velocity
High

Appetite
Balanced

Link to strategy
G, I

Risk owner
Chief Executive Officer

Risk description

We fail to respond in an agile manner to industry fluctuations in demand, leading to erosion of market position and customer relationships (in an upturn), and margins (in a downturn).

Potential impact

- Loss of market share.
- Erosion of customer relationships.
- Restriction on long-term growth.
- Reduced revenue, profit and cash generation.

What we are doing to manage this risk

- Ongoing review of geopolitical changes, industry demand cycle forecasting, and business development opportunities.
- Industry trend monitoring, including monthly review of externally published reports of capital expenditure forecasts in key markets.
- Investment in manufacturing and logistics-flexible automation to reduce the need for additional direct manufacturing labour to support higher customer demand.
- Replacing legacy products that are labour-intensive to manufacture in favour of newer products with more automated production processes.
- Production planning process informed by a combination of historic product mix, market demand forecasting and stock levels in relation to inventory policy.
- Securing recurring revenue streams from after-market services and subscription software sales.

Non-compliance with laws and regulations

Velocity
High

Appetite
LOW

Link to strategy
All

Risk owner
Group General Counsel & Company Secretary

Risk description

Failure to comply with applicable laws and regulations could result in criminal or civil liabilities for the Company and its employees, thereby damaging our reputation. It could also result in a breach of other contracts, including insurance and banking arrangements, hampering our ability to operate.

Potential impact

- Potential penalties and fines, and cost of investigations.
- Damage to reputation and loss of future business.
- Management time and attention diverted to deal with reports of non-compliance.
- Inability to attract and retain talent.

What we are doing to manage this risk

- Established confidential whistleblowing line, Speak Up, which is available for our whole workforce in multiple languages.
- Various policies and e-learning courses in place, including anti-bribery and corruption policy, competition law, health and safety, and anti-facilitation of tax evasion.
- Induction training and mandatory annual training across various functions.
- Upgraded sanctions screening processes.
- Launched our Code of Conduct in 2024.
- Recruitment and onboarding of dedicated compliance professionals.

Capital products growth

Velocity
Medium

Appetite
Balanced

Link to strategy
I

Risk description

We do not successfully adapt our sales and manufacturing processes to meet the profit targets of our capital goods businesses.

Potential impact

- Low capital efficiency – high people costs and low productivity.

Potential impact

- Appropriately skilled sales specialists targeting customers with repeat business potential, avoiding time-consuming, one-off sales and reducing the average cost per sale.

<table>
<tr>
<td>Risk owner
Chief Executive Officer</td>
<td>High engineering and distribution costs.
Adverse impact on customer satisfaction levels, revenue and profits.
Slowdown in long-term growth.
Failure to gain share in substantial, growing markets.
Failure to recover investment in R&D.</td>
<td>Bid management and contract review processes to ensure we understand the deliverables, do not take on unacceptable liabilities, and that our proposal is appropriate.
Project management process to govern planning and delivery of complex systems.
Promoting service contracts and software subscription to drive recurring revenues.
Local solutions for maintenance of complex product configurations and servicing status.
Financing lease schemes offered.</td>
</tr>
<tr>
<td colspan="3">Cyber</td>
</tr>
<tr>
<td rowspan="2">Velocity
High

Appetite
Low

Link to strategy
All

Risk owner
Group Operations Director</td>
<td colspan="2">Risk description
Cyber-attacks against our business are increasing in number, complexity, and the degree to which they are personally targeting Renishaw and our employees. We continue to face other data security threats. A successful cyber-attack or a significant data loss could severely affect our ability to operate, or lead to the loss of personal and commercially sensitive data and expose us to reputational and financial damage.</td>
</tr>
<tr>
<td>Potential impact
Inability to operate normal processes for a potentially significant period.
Loss of intellectual property and/or commercially sensitive and/or personal data.
Financial loss and reputational damage.
Reduced customer service.
Diversion of management time and an impact on business decision-making.</td>
<td>What we are doing to manage this risk
Various tools deployed to monitor and protect our systems, including looking for changes in employee behaviour (insider risk), monitoring suspicious or mass file encryption, blocking data traffic to known malicious domains, encrypting data traffic, identifying email content and senders of concern, and monitoring suspicious network traffic activity.
Conducting regular security awareness training, including phishing simulation exercises, to train and keep our employees vigilant.
New employees given privacy and security training, spanning GDPR, Cybersecurity and physical security.
Third-party penetration testing employed on a perpetual basis, as well as periodic targeted exercises to find any residual gaps in our systems.
Regular disaster recovery rehearsals/dry runs to minimise down time and be confident in our process to recover systems after a successful attack. Each major system is rehearsed once a year.</td>
</tr>
<tr>
<td colspan="3">Exchange rates (formerly Exchange rate fluctuations)</td>
</tr>
<tr>
<td>Velocity
Medium

Appetite</td>
<td colspan="2">Risk description
Exchange rate fluctuations can impact our Consolidated income statement, balance sheet and cash flow, affecting near-term management, investor reporting and planning, and long-term performance.</td>
</tr>
</table>

<table>
<tr>
<td>Balanced

Link to strategy
G, I

Risk owners
Group Finance Director</td>
<td>Potential impact
Significant variations in profit.
Reduced cash generation.
Increased competition on product prices.
Increased costs.
Adverse impact on management decision-making.</td>
<td>What we are doing to manage this risk
Subsidiary overheads and some manufacturing purchases denominated/made in foreign currencies.
Maintaining rolling forward contracts for cash-flow hedges in accordance with Board-approved policy, and one-month forward contracts to manage risks on intercompany balances.
Agreed caps for each currency pairing, i.e. rates at which we will not trade if prevailing forward rates are in excess of, to mitigate short-term exchange rate spikes.
A panel of partner banks provides competitive forward contract pricing and advice on managing our exposure.</td>
</tr>
<tr>
<td colspan="3">IT transformation (formerly IT transformation failure)</td>
</tr>
<tr>
<td rowspan="2">Velocity
Medium

Appetite
LOW

Link to strategy
All

Risk owner
Group Operations Director</td>
<td colspan="2">Risk description
We fail to successfully implement Microsoft Dynamics 365 ahead of Sage obsolescence or with the anticipated productivity benefits. Technical issues or poor integration with existing systems could negatively affect our ability to operate and could mean that we do not realise productivity aspirations, leading to manual intervention and slowing us down.</td>
</tr>
<tr>
<td>Potential impact
Major systems disruption causing operational delays.
Delays in processing or issuing invoices and customer orders, or in procuring goods and services.
Increased costs, including costs to fix technical issues and restore or upgrade other affected systems.</td>
<td>What we are doing to manage this risk
Developing robust methodology, processes and tools to be able to scale up deployments that we can use across the Group.
Targeted recruitment of independent Microsoft Dynamics 365 expertise.
Regular internal project meetings are held, and a steering committee has been established.
Regular contact with Microsoft and our system integrator.
Strong central accountability, including deployment strategies and data migration criteria, allowing for one solution for all subsidiaries.
Group Operations Director appointed as our designated responsible individual, providing clear responsibility for accelerating difficult decisions.</td>
</tr>
<tr>
<td colspan="3">People</td>
</tr>
<tr>
<td rowspan="2">Velocity
Medium

Appetite
Balanced

Link to strategy
All

Risk owner
Group Human Resources Director</td>
<td colspan="2">Risk description
If we fail to retain and develop a diverse, engaged workforce with the right talent and skills, our succession and leadership pipelines will weaken, ultimately affecting our ability to achieve strategic objectives. It is also essential that our people align with our core values, to foster the desired conduct and behaviours that drive success.</td>
</tr>
<tr>
<td>Potential impact
Delays in product delivery and ability to deliver strategic objectives because of loss of expertise and specialist talent.
Loss of innovative edge because of insufficient diversity.
Failure to develop</td>
<td>What we are doing to manage this risk
Continuing to focus on attracting, rewarding and retaining our people globally. This includes building a more inclusive working environment as part of our ESG strategy.
Using the results of our global employee engagement surveys to inform our people strategy.
Continuing to invest in our education outreach and early careers programmes, talent development and succession planning.
Identifying and implementing functional competencies for all roles, serving as vital building blocks for comprehensive career development frameworks.</td>
</tr>
</table>

	future leaders and insufficient talent progression to support Renishaw's future. • Loss of market share, reduced revenue, poor customer service and reduced profit. • Reputational damage and increase in attrition rates because of a failure to uphold ethical standards and behaviours.	• Capturing employee skills within our Human Resources Management System, which enables the formation of dynamic talent pools, targeted development opportunities and robust succession planning. These talent pools allow us to use nine-box talent mapping effectively. • Promoting our ESG strategy to help attract and retain a diverse pool of talent within the business. • Implementing and embedding policies that will help foster a culture where ethical conduct is ingrained and aligned with our values. This alignment helps strengthen trust, foster inclusivity and ensure long-term sustainability.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2025

from continuing operations	notes	Adjusted total 2025 £'000	Adjusting items 2025 £'000	Statutory total 2025 £'000	Adjusted total 2024 £'000	Adjusting items 2024 £'000	Statutory total 2024 £'000
Revenue	2	**713,044**	**-**	**713,044**	691,301	-	691,301
Cost of sales	4	**(379,650)**	**(4,379)**	**(384,029)**	(367,658)	-	(367,658)
Gross profit		**333,394**	**(4,379)**	**329,015**	323,643	-	323,643
Distribution costs		**(144,031)**	**-**	**(144,031)**	(139,901)	-	(139,901)
Administrative expenses		**(77,099)**	**-**	**(77,099)**	(75,075)	-	(75,075)
Operating profit		**112,264**	**(4,379)**	**107,885**	108,667	-	108,667
Financial income	5	**16,517**	**-**	**16,517**	12,336	-	12,336
Financial expenses	5	**(5,088)**	**(4,852)**	**(9,940)**	(2,289)	-	(2,289)
Share of profits of joint ventures	13	**3,538**	**-**	**3,538**	3,880	-	3,880
Profit before tax		**127,231**	**(9,231)**	**118,000**	122,594	-	122,594
Income tax expense	7	**(27,010)**	**(7,233)**	**(34,243)**	(25,705)	-	(25,705)
Profit for the year		**100,221**	**(16,464)**	**83,757**	96,889	-	96,889
Profit attributable to:							
Equity shareholders of the parent company				**83,757**			96,889
Non-controlling interest	26			**-**			-
Profit for the year				**83,757**			96,889
		pence	**pence**	**pence**	pence	Pence	pence
Dividend per share arising in respect of the year	26			**78.1**			76.2
Dividend per share paid in the year	26			**76.2**			76.2
Earnings per share (basic and diluted)	8	**137.8**	**(22.1)**	**115.2**	133.2	-	133.2

See Note 29 Alternative performance measures for more details on Adjusting items.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

for the year ended 30 June 2025

	notes	**Adjusted total 2025 £'000**	**Adjusting items 2025 £'000**	**Statutory total 2025 £'000**	Adjusted total 2024 (restated) £'000	Adjusting items 2024 (restated) £'000	Statutory total 2024 (restated) £'000
Profit for the year		**100,221**	**(16,464)**	**83,757**	96,889	-	96,889
Other items recognised directly in equity:							
Items that will not be reclassified to the Consolidated income statement:							
Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right	23	**2,777**	**-**	**2,777**	(48,776)	-	(48,776)
Deferred tax on remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right		**(374)**	**-**	**(374)**	12,450	-	12,450
Total for items that will not be reclassified		**2,403**	**-**	**2,403**	(36,326)	-	(36,326)
Items that may be reclassified to the Consolidated income statement:							
Exchange differences in translation of overseas operations	26	**(6,295)**	**-**	**(6,295)**	(4,038)	-	(4,038)
Exchange differences in translation of overseas joint venture	26	**169**	**-**	**169**	(311)	-	(311)
Current tax on translation of net investments in overseas operations	26	**-**	**-**	**-**	57	-	57
Effective portion of changes in fair value of cash flow hedges, net of recycling	26	**5,804**	**-**	**5,804**	5,812	-	5,812
Deferred tax on effective portion of changes in fair value of cash flow hedges	7,26	**(1,451)**	**-**	**(1,451)**	(1,453)	-	(1,453)
Total for items that may be reclassified		**(1,773)**	**-**	**(1,773)**	67	-	67
Total other comprehensive income and expense, net of tax		**630**	**-**	**630**	(36,259)	-	(36,259)
Total comprehensive income and expense for the year		**100,851**	**(16,464)**	**84,387**	60,630	-	60,630
Attributable to:							
Equity shareholders of the parent company				**84,387**			60,630
Non-controlling interest	26			**-**			-
Total comprehensive income and expense for the year				**84,387**			60,630

'Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right' and 'Deferred tax on remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right' have been restated in the comparative information. See Note 1 for further details.

CONSOLIDATED BALANCE SHEET

at 30 June 2025

	notes	**2025 £'000**	2024 (restated) £'000	2023 (restated) £'000
Assets				
Property, plant and equipment	9	**338,287**	325,040	286,085
Right-of-use assets	10	**12,218**	14,746	8,402
Investment properties	11	**11,566**	10,285	10,323
Intangible assets	12	**50,550**	47,343	46,468
Investments in joint ventures	13	**27,692**	25,485	22,414
Finance lease receivables	14	**11,950**	11,944	9,935
Employee benefits	23	**11,443**	10,845	57,416
Reimbursement right	23	**12,909**	12,116	11,348
Deferred tax assets	7	**22,432**	20,367	22,595
Derivatives	25	**7,878**	1,387	9,443
Total non-current assets		**506,925**	479,558	484,429
Current assets				
Inventories	16	**159,465**	161,928	185,757
Trade receivables	25	**128,464**	134,073	123,427
Finance lease receivables	14	**5,195**	3,861	3,764
Current tax		**6,453**	21,298	19,558
Other receivables	25	**40,732**	34,076	28,840
Derivatives	25	**14,345**	13,547	5,373
Bank deposits	15,25	**186,226**	95,542	125,000
Cash and cash equivalents	15,25	**87,420**	122,293	81,388
Total current assets		**628,300**	586,618	573,107
Current liabilities				
Trade payables	25	**25,943**	21,330	21,551
Contract liabilities	18	**14,669**	10,880	9,971
Current tax		**11,303**	1,767	7,118
Provisions	17	**8,978**	2,997	2,758
Derivatives	25	**150**	448	5,089
Lease liabilities	21	**3,992**	3,960	3,009
Amount payable to joint venture	13	**14,530**	8,475	-
Borrowings	20	**764**	747	4,694
Other payables	19	**57,132**	50,344	48,130
Total current liabilities		**137,461**	100,948	102,320
Net current assets		**490,839**	485,670	470,787
Non-current liabilities				
Lease liabilities	21	**8,769**	11,062	5,624
Borrowings	20	**2,120**	2,775	-
Employee benefits	23	**21,131**	21,349	20,538
Deferred tax liabilities	7	**38,784**	33,600	38,770
Derivatives	25	**1,096**	177	120
Total non-current liabilities		**71,900**	68,963	65,052
Total assets less total liabilities		**925,864**	896,265	890,164
Equity				
Share capital	26	**14,558**	14,558	14,558
Share premium		**42**	42	42
Own shares held	26	**(2,140)**	(2,963)	(2,963)
Currency translation reserve	26	**(3,646)**	2,480	6,772
Cash flow hedging reserve	26	**15,264**	10,911	6,552
Retained earnings		**901,170**	870,434	865,283
Other reserve	26	**1,193**	1,380	497
Equity attributable to the shareholders of the parent company		**926,441**	896,842	890,741
Non-controlling interest	26	**(577)**	(577)	(577)
Total equity		**925,864**	896,265	890,164

Reimbursement right, Employee benefits, Deferred tax assets and retained earnings have been restated in the comparative information. See Note 1 for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2025

Year ended 30 June 2024	Share capital £'000	Share premium £'000	Own Shares Held £'000	Currency translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Other reserve £'000	Non-controlling interest £'000	Total £'000
Balance at 1 July 2023	14,558	42	(2,963)	6,772	6,552	871,777	497	(577)	896,658
Prior year restatement	-	-	-	-	-	(6,494)	-	-	(6,494)
Balance at 1 July 2023 (restated)	14,558	42	(2,963)	6,772	6,552	865,283	497	(577)	890,164
Profit for the year	-	-	-	-	-	96,889	-	-	96,889
Other comprehensive income and expense (net of tax)									
Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right	-	-	-	-	-	(36,326)	-	-	(36,326)
Foreign exchange translation differences	-	-	-	(3,981)	-	-	-	-	(3,981)
Foreign exchange related to joint venture	-	-	-	(311)	-	-	-	-	(311)
Changes in fair value of cash flow hedges	-	-	-	-	4,359	-	-	-	4,359
Total other comprehensive income and expense	-	-	-	(4,292)	4,359	(36,326)	-	-	(36,259)
Total comprehensive income and expense	-	-	-	(4,292)	4,359	60,563	-	-	60,630
Share-based payments charge	-	-	-	-	-	-	883	-	883
Dividends paid	-	-	-	-	-	(55,412)	-	-	(55,412)
Balance at 30 June 2024	**14,558**	**42**	**(2,963)**	**2,480**	**10,911**	**870,434**	**1,380**	**(577)**	**896,265**
Year ended 30 June 2025									
Profit for the year	-	-	-	-	-	83,757	-	-	83,757
Other comprehensive income and expense (net of tax)									
Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right	-	-	-	-	-	2,403	-	-	2,403
Foreign exchange translation differences	-	-	-	(6,295)	-	-	-	-	(6,295)
Foreign exchange related to joint venture	-	-	-	169	-	-	-	-	169
Changes in fair value of cash flow hedges	-	-	-	-	4,353	-	-	-	4,353
Total other comprehensive income and expense	-	-	-	(6,126)	4,353	2,403	-	-	630
Total comprehensive income and expense	-	-	-	(6,126)	4,353	86,160	-	-	84,387
Share-based payments charge	-	-	-	-	-	-	790	-	790
Distribution of own shares	-	-	977	-	-	-	(977)	-	-
Purchase of own shares	-	-	(154)	-	-	-	-	-	(154)
Dividends paid	-	-	-	-	-	(55,424)	-	-	(55,424)
Balance at 30 June 2025	**14,558**	**42**	**(2,140)**	**(3,646)**	**15,264**	**901,170**	**1,193**	**(577)**	**925,864**

More details of share capital and reserves are given in Note 26. 'Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right' have been restated in the comparative information. See Note 1 for further details.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2025

	notes	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit for the year		**83,757**	96,889
Adjustments for:			
Depreciation and impairment of property, plant and equipment, right-of-use assets, and investment properties	9,10,11	**29,057**	24,195
Profit on sale of property, plant and equipment	9	**(1,083)**	(1,199)
Amortisation and impairment of intangible assets	12	**6,689**	8,633
Share of profits from joint ventures	13	**(3,538)**	(3,880)
Defined benefit pension schemes past service and administrative costs	23	**1,833**	907
Financial income	5	**(16,517)**	(12,336)
Financial expenses	5	**9,940**	2,289
Share-based payment expense	24	**790**	883
Tax expense	7	**34,243**	25,705
		61,414	45,197
Decrease/(increase) in inventories		**2,463**	23,829
Increase in trade, finance lease and other receivables		**(11,025)**	(23,719)
Increase/(decrease) in trade and other payables		**16,525**	3,557
Increase/(decrease) in provisions		**1,129**	239
		9,094	3,906
Defined benefit pension scheme contributions	23	**(162)**	(161)
Income taxes paid		**(6,207)**	(21,752)
Cash flows from operating activities		**147,896**	124,079
Investing activities			
Purchase of property, plant and equipment, and investment properties	9,11	**(46,273)**	(65,518)
Sale of property, plant and equipment		**4,887**	4,475
Development costs capitalised	12	**(9,999)**	(9,281)
Purchase of other intangibles	12	**(286)**	(246)
(Increase)/decrease in bank deposits	15	**(90,684)**	29,458
Interest received	5	**12,216**	9,110
Dividends received from joint ventures	13	**1,500**	498
Cash flows from investing activities		**(128,639)**	(31,504)
Financing activities			
Repayment of borrowings	20	**(794)**	(799)
Amounts received as deposit from joint venture	13	**5,983**	8,475
Interest paid	5	**(1,140)**	(608)
Repayment of principal of lease liabilities	22	**(4,284)**	(4,359)
Own shares purchased	26	**(154)**	-
Dividends paid	26	**(55,424)**	(55,412)
Cash flows from financing activities		**(55,813)**	(52,703)
Net decrease in cash and cash equivalents		**(36,556)**	39,872
Cash and cash equivalents at beginning of the year		**122,293**	81,388
Effect of exchange rate fluctuations on cash held		**1,683**	1,033
Cash and cash equivalents at end of the year	15	**87,420**	122,293

Cash and cash equivalents and bank deposits at the end of the year were £273.6m (2024: £217.8m). See Note 15 for more details.

NOTES (FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS)

1. Accounting policies

This section sets out our principal accounting policies that relate to the financial statements as a whole, along with the critical accounting judgements and estimates that management has identified as having a potentially material impact on the Group's consolidated financial statements. Where an accounting policy is applicable to a specific note in the financial statements, the policy is described within that note.

Basis of preparation
Renishaw plc (the Company) is a company incorporated in England and Wales. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group, and 'we') and equity account the Group's interest in joint ventures. The parent company financial statements present information about the Company as a separate entity and not about the Group.

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 30 June 2025 or 30 June 2024. The financial information for the year ended 30 June 2023 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498 (2) or (3) Companies Act 2006. In respect of the year ended 30 June 2025, an unqualified auditor's report was signed on 17 September 2025. The statutory accounts will be delivered to the Registrar of Companies following the Group's annual general meeting.

The consolidated financial statements are presented in Sterling, which is the Company's functional currency and the Group's presentational currency, and all values are rounded to the nearest thousand (£'000).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. The key estimates (that have a significant risk of material adjustment in the next year) and critical judgements (that have a significant effect on the financial statements) made by the Directors in applying the accounting policies are noted below.

Basis of consolidation
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Joint ventures are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The Group's investments includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued (except to the extent that the Group has incurred legal obligations or made payments on behalf of an investee).

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

On consolidation, overseas subsidiaries' results are translated into Sterling at weighted average exchange rates for the year by translating each overseas subsidiary's monthly results at exchange rates applicable to the respective months. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the foreign exchange rates prevailing at that date. Differences on exchange resulting from the translation of overseas assets and liabilities are recognised in Other comprehensive income and are accumulated in equity.

Monetary assets and liabilities denominated in foreign currencies are reported at the rates prevailing at the time, with any gain or loss arising from subsequent exchange rate movements being included as an exchange gain or loss in the Consolidated income statement. Foreign currency differences arising from transactions are recognised in the Consolidated income statement.

New, revised or changes to existing accounting standards
The following accounting standards and amendments became effective as at 1 January 2024 and have been adopted in the preparation of these financial statements, with effect from 1 July 2024:

– amendments to IAS 1, Classification of Liabilities as Current or Non-current;
– amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements; and
– amendments to IAS 16, Lease liability in a Sale and Leaseback.

These have not had a material effect on these financial statements.

At the date of these financial statements, the following standards and amendments that are potentially relevant to the Group, and which have not been applied in these financial statements, were in issue but not yet effective:

– IFRS 18 Presentation and Disclosures in Financial Statements (not yet endorsed by the UK); and
– IFRS 19 Subsidiaries without Public Accountability: Disclosures (not yet endorsed by the UK); and
– amendments to IAS 21, Lack of exchangeability.

The adoption of these standards and interpretations in future periods is not expected to have a material impact on the financial statements of the Group.
The Group has applied the temporary exception issued by the International Accounting Standards Board from the accounting requirements for deferred taxes in IAS 12 arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Global Minimum Tax income taxes.

Alternative performance measures
The financial statements are prepared in accordance with adopted IFRS and applied in accordance with the provisions of the Companies Act 2006. In measuring our performance, the financial measures that we use include those which have been derived from our reported results, to eliminate factors which distort year-on-year comparisons.

These are considered non-GAAP financial measures. We believe this information, along with comparable GAAP measurements, is useful to stakeholders in providing a basis for measuring our operational performance. The Board uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance (see Note 29).

Prior year restatement
An error has been identified with the Group's classification of a German pension scheme as a defined contribution scheme, as opposed to a defined benefit scheme, following a request for funding from the pension scheme support fund. In line with IAS 8, the Group has restated balances at 30 June 2024 and 1 July 2023.

The impact on the financial statements as 1 July 2023 was the recognition of a non-current liability employee benefit of £20,493,000 and a reimbursement right asset of £11,348,000. A corresponding net deferred tax asset of £2,651,000 has also been recognised. The net effect was a reduction in retained earnings of £6,494,000.

At 30 June 2024, the closing non-current liability employee benefit and reimbursement right asset were of £21,349,000 and £12,116,000 respectively. A corresponding net deferred tax asset of £2,677,000 has also been recognised. The total adjustment recognised through the Consolidated statement of comprehensive income and expense related to the 'Remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right' and 'Deferred tax on remeasurement of defined benefit pension scheme assets/liabilities/reimbursement right' was a loss of £88,000 and a gain of £26,000 respectively. See Note 23 Employee benefits for further details.

	2024			2023		
	Reported £'000	Adjustment £'000	Restated £'000	Reported £'000	Adjustment £'000	Restated £'000
Assets						
Reimbursement Right	-	12,116	12,116	-	11,348	11,348
Deferred tax assets	17,690	2,677	20,367	19,944	2,651	22,595
Non-current liabilities						
Employee benefits	-	(21,349)	(21,349)	(45)	(20,493)	(20,538)
Equity						
Retained earnings	876,990	(6,556)	870,434	871,777	(6,494)	865,283

Critical accounting judgements and estimation uncertainties

The preparation of financial statements in conformity with UK-adopted IAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The results of this form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may therefore differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas of critical accounting judgements and estimation uncertainties that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are summarised below with further details included within accounting policies as indicated.

Item	Key judgements (J) and estimates (E)
Taxation	J – Whether uncertain tax positions need to be recognised
Research and development costs	J – Whether a project meets the criteria for capitalisation
Goodwill and capitalised development costs	E – Estimates of future cash flows for impairment testing
Inventories	E – Determination of net realisable value
Defined benefit pension schemes	E – Valuation of defined benefit pension schemes' liabilities
Defined benefit pension schemes	J – Whether past service costs need to be recognised
Cash flow hedges	E – Estimates of highly probable forecasts of the hedged item
Adjusted performance measure	J – Whether items are appropriate to exclude from adjusted measures
Employment benefits	J – When termination benefits should be recognised

Climate change

We have considered the potential effect of physical and transitional climate change risks when preparing these consolidated financial statements and have also considered the effect of our own Net Zero commitments. Our consideration of the potential effect of climate change on these consolidated financial statements included reviewing:

– discounted cash flow forecasts, used in accounting for goodwill, capitalised development costs, and deferred tax assets;
– useful economic lives and residual values of property, plant and equipment;
– planned use of right-of-use assets; and
– expected demand for inventories.

We also considered the estimated capital expenditure needed in the next five years to deliver our Net Zero plan.

Overall, we do not believe that climate change has a material effect on our accounting judgements and estimates, nor in the carrying value of assets and liabilities in the consolidated financial statements for the year ended 30 June 2025. We will continue to review this, and update our accounting and disclosures as the position changes.

Going concern

In preparing these financial statements, the Directors have adopted the going concern basis. The decision to adopt the going concern basis was made after considering:

– the Group's strategy and business model;
– the Group's risk management processes and principal risks;
– the Group's financial resources and strategies; and
– the process undertaken to review the Group's viability, including scenario testing.

The financial models for the viability review were based on the pessimistic version of the five-year business plan, but covering a period to 30 September 2028. For context, revenue in the first year of this pessimistic base scenario is lower than the FY2025 revenue of £713.0m, while costs and other cash outflows still reflect ambitious growth plans. In the going concern assessment, the Directors reviewed this same version of the plan but to 30 September 2026, as well as the 'severe but plausible' scenarios used in the viability review, again to 30 September 2026. These scenarios reflected a significant reduction in revenue, a significant increase in costs, and a third scenario incorporating both a reduction to revenue and an increase in costs but to a lesser degree than the first two scenarios. In each scenario the Group's cash balances remained positive throughout the period to 30 September 2026.

The Directors also reviewed a reverse stress test for the period to 30 September 2026, identifying what would need to happen in this period for the Group to deplete its cash and cash equivalents and bank deposit balances.

This identified a trading level so low that the Directors feel that the events that could trigger this would be remote. The Directors also concluded that the risk of a one-off cash outflow that would exhaust the Group's cash and cash equivalents and bank deposits balances in the assessment period was also remote.

Based on this assessment, incorporating a review of the current position, the scenarios, the principal risks and mitigation, the Directors have a reasonable expectation that the Group will be able to continue operating and meet its liabilities as they fall due over the period to 30 September 2026.

2. Revenue disaggregation and segmental analysis

We manage our business by segment, comprising Manufacturing technologies and Analytical instruments and medical devices, and by geographical region. The results of these segments and regions are regularly reviewed by the Board to assess performance and allocate resources, and are presented in this note.

Accounting policy

The Group generates revenue from the sale of goods, capital equipment and services. These can be sold both on their own and together.

a) Sale of goods, capital equipment and services

The Group's contracts with customers consist both of contracts with one performance obligation and contracts with multiple performance obligations.

For contracts with one performance obligation, revenue is measured at the transaction price, which is typically the contract value except for customers entitled to volume rebates, and recognised at the point in time when control of the product transfers to the customer. This point in time is typically when the products are made available for collection by the customer, collected by the shipping agent, or delivered to the customer, depending upon the shipping terms applied to the specific contract.

Contracts with multiple performance obligations typically exist where, in addition to supplying products, we also supply services such as user training, servicing and maintenance, and installation. Where the installation service is simple, does not include a significant integration service and could be performed by another party then the installation is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. The revenue allocated to each performance obligation is then recognised when, or as, that performance obligation is satisfied. For installation, this is typically at the point in time in which installation is complete. For training, this is typically the point in time at which training is delivered. For servicing and maintenance, the revenue is recognised evenly over the course of the servicing agreement except for ad-hoc servicing and maintenance which is recognised at the point in time in which the work is undertaken.

b) Sale of software

The Group provides software licences and software maintenance to customers, sold both on their own and together with associated products. For software licences, where the licence and/or maintenance is provided as part of a contract that provides customers with software licences and other goods and services then the transaction price is allocated on the same basis as described in a) above.

The Group's distinct software licences provide a right of use, and therefore revenue from software licences is recognised at the point in time in which the licence is supplied to the customer. Revenue from software maintenance is recognised evenly over the term of the maintenance agreement.

c) Extended warranties

The Group provides standard warranties to customers that address potential latent defects that existed at point of sale and as required by law (assurance-type warranties). In some contracts, the Group also provides warranties that extend beyond the standard warranty period and may be sold to the customer (service-type warranties).

Assurance-type warranties are accounted for by the Group under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Service-type warranties are accounted for as separate performance obligations and therefore a portion of the transaction price is allocated to this element, and then recognised evenly over the period in which the service is provided.

d) Contract balances

Contract assets represent the Group's right to consideration in exchange for goods, capital equipment and/or services that have been transferred to a customer, and mainly includes accrued revenue in respect of goods and services provided to a customer but not yet fully billed. Contract assets are distinct from receivables, which represent the Group's right to consideration that is unconditional.

Contract liabilities represent the Group's obligation to transfer goods, capital equipment and/or services to a customer for which the Group has either received consideration or consideration is due from the customer.

e) Disaggregation of revenue

The Group disaggregates revenue from contracts with customers between: goods, capital equipment and installation, and aftermarket services; reporting segment; and geographical location.

Management believe these categories best depict how the nature, amount, timing and uncertainty of the Group's revenue is affected by economic factors.

Within the Manufacturing technologies business there are multiple product offerings with similar economic characteristics, similar production processes and similar customer bases. Our Manufacturing technologies business consists of industrial metrology, position measurement and additive manufacturing (AM) product groups. Analytical instruments and medical devices represents all other operating segments within the Group, which consists of spectroscopy and neurological product lines.

Year ended 30 June 2025	**Manufacturing technologies £'000**	**Analytical instruments and medical devices £'000**	**Total £'000**
Revenue	**671,469**	**41,575**	**713,044**
Depreciation, amortisation and impairment	**33,001**	**2,745**	**35,746**
Research and development expenditure	**65,727**	**3,183**	**68,910**
Operating profit	**107,593**	**292**	**107,885**
Share of profits of joint ventures	**3,538**	**-**	**3,538**
Net financial income	**-**	**-**	**6,577**
Profit before tax	**-**	**-**	**118,000**

Year ended 30 June 2024	Manufacturing technologies £'000	Analytical instruments and medical devices £'000	Total £'000
Revenue	648,063	43,238	691,301
Depreciation, amortisation and impairment	31,374	1,454	32,828
Research and development expenditure	68,205	2,855	71,060
Operating profit	103,181	5,486	108,667
Share of profits of joint ventures	3,880	-	3,880
Net financial income	-	-	10,047
Profit before tax	-	-	122,594

There is no allocation of assets and liabilities to the segments identified above. Depreciation, amortisation and impairments are allocated to segments on the basis of the level of activity.

The following table shows the analysis of non-current assets, excluding deferred tax, derivatives and employee benefits, by geographical region:

	2025 £'000	2024 £'000
UK	**286,145**	268,027
Overseas	**166,118**	166,816
Total non-current assets	**452,263**	434,843

No overseas country had non-current assets amounting to 10% or more of the Group's total non-current assets.

The following table shows the disaggregation of Group revenue by category:

	2025 £'000	2024 £'000
Goods, capital equipment and installation	**642,378**	624,491
Aftermarket services	**70,666**	66,810
Total Group revenue	**713,044**	691,301

Aftermarket services include repairs, maintenance and servicing, programming, training, extended warranties, and software licences and maintenance. There is no significant difference between our two operating segments as to their split of revenue by type.

The analysis of revenue by geographical market was:

	2025 £'000	2024 £'000
APAC total	**337,721**	318,836
UK (country of domicile)	**34,017**	37,956
EMEA, excluding UK	**173,751**	170,077
EMEA total	**207,768**	208,033
Americas total	**167,555**	164,432
Total Group revenue	**713,044**	691,301

Revenue in the previous table has been allocated to regions based on the geographical location of the customer. Countries with individually significant revenue figures in the context of the Group were:

	2025 £'000	2024 £'000
China	**186,495**	177,155
USA	**142,860**	138,836
Germany	**55,682**	54,572
Japan	**49,273**	49,329

There was no revenue from transactions with a single external customer which amounted to more than 10% of the Group's total revenue.

3. Employee costs

The remuneration costs of our people account for a significant proportion of our total expenditure, which are analysed in this note.

The aggregate employee costs for the year were:

	2025 £'000	2024 £'000
Wages and salaries	**247,070**	233,536
Compulsory social security contributions	**30,514**	27,130
Contributions to defined contribution pension schemes	**29,269**	27,851
Share-based payment charge	**790**	883
Total payroll costs	**307,643**	289,400

Wages and salaries and compulsory social security contributions include £11.1m (2024: £10.0m) relating to performance bonuses.

The average number of persons employed by the Group during the year was:

	2025 Number	2024 Number
UK	**3,491**	3,400
Overseas	**1,848**	1,813
Average number of employees	**5,339**	5,213

Key management personnel have been assessed to be the Directors of the Company and the Senior Leadership Team (SLT), which was an average of 22 people (2024: 22 people).

The total remuneration of the Directors and the SLT was:

	2025 £'000	2024 £'000
Short-term employee benefits	**6,322**	6,139
Post-employment benefits	**489**	529
Share-based payment charge	**790**	883
Total remuneration of key management personnel	**7,601**	7,551

Short-term employee benefits include £0.8m (2024: £0.2m) relating to performance bonuses payable in cash.

The share-based payment charge relates to share awards granted in previous years, not yet vested. Shares equivalent to £0.9m (2024: £0.2m) are to be awarded in respect of FY2025 (see Note 24).

4. Cost of sales

Our cost of sales includes the costs to manufacture our products and our engineering spend on existing and new products, net of capitalisation and research and development tax credits.

Accounting policy

We receive both government grants and RDEC (tax credits) for research and development projects. For research projects, where the costs have not been capitalised, we recognise a deduction against expenditure within Cost of sales in the Consolidated income statement (having initially recognised the grant in the Consolidated balance sheet if it was received in advance of the related expense). Where a grant or RDEC is received for capitalised development costs, we initially recognise it in the Consolidated balance sheet and then release it to match the amortisation within Cost of sales. Both types are only recognised when we have reasonable assurance that any grant conditions will be met.

Included in cost of sales are the following amounts:

	Adjusted total 2025 £'000	**Adjusting items 2025 £'000**	**Statutory total 2025 £'000**	Adjusted total 2024 £'000	Adjusting items 2024 £'000	Statutory total 2024 £'000
Production costs	**272,814**	**-**	**272,814**	269,562	-	269,562
Research and development expenditure	**68,910**	**-**	**68,910**	71,060	-	71,060
Other engineering expenditure	**46,770**	**4,379**	**51,149**	35,723	-	35,723
Gross engineering expenditure	**115,680**	**4,379**	**120,059**	106,783	-	106,783
Development expenditure capitalised (net of amortisation)	**(5,574)**	**-**	**(5,574)**	(4,287)	-	(4,287)
Development expenditure impaired	**1,818**	**-**	**1,818**	3,299	-	3,299
Research and development tax credit	**(5,088)**	**-**	**(5,088)**	(7,699)	-	(7,699)
Total engineering costs	**106,836**	**4,379**	**111,215**	98,096	-	98,096
Total cost of sales	**379,650**	**4,379**	**384,029**	367,658	-	367,658

Production costs includes the raw material and component costs, payroll costs and sub-contract costs, and allocated overheads associated with manufacturing our products.

Research and development expenditure includes the payroll costs, material costs and allocated overheads attributed to projects identified as relating to new products or processes. Other engineering expenditure includes the payroll costs, material costs and allocated overheads attributed to projects identified as relating to existing products or processes.

5. Financial income and expenses

Financial income mainly arises from bank interest on our deposits. We are exposed to realised currency gains and losses on translation of foreign currency denominated intragroup balances and offsetting financial instruments.

Included in financial income and expenses are the following amounts:

Financial income	**2025 £'000**	2024 £'000
Bank interest receivable	**11,741**	9,110
Fair value gains from one-month forward currency contracts	**3,360**	318
Interest on pension schemes' assets	**503**	2,908
Other interest income	**913**	-
Total financial income	**16,517**	12,336
Financial expenses		
Currency losses	**3,899**	1,645
Lease interest	**685**	537
Interest payable on amounts owed to joint ventures	**371**	55
Interest payable on borrowings	**49**	36
Other interest payable	**4,936**	16
Total financial expenses	**9,940**	2,289

Currency losses relate to revaluations of foreign currency-denominated balances using latest reporting currency exchange rates. The losses recognised in FY2024 and FY2025 largely related to an appreciation of Sterling relative to the US dollar affecting US dollar-denominated intragroup balances in the Company. Rolling one-month forward currency contracts are used to offset currency movements on certain intragroup balances, with fair value gains and losses being recognised in financial income or expenses. See Note 25 for further details. The net currency movement of foreign currency-denominated balances and one-month forward currency contracts was a loss of £539,000 (2024: loss of £1,327,000).

Other interest payable includes liabilities recognised of £4,852,000 for historical and non-recurring tax matters, see Note 7 for further details.

6. Profit before tax

Detailed below are other notable amounts recognised in the Consolidated income statement.

Included in the profit before tax are the following costs/(income):

	notes	**2025 £'000**	2024 £'000
Depreciation and impairment of property, plant and equipment, right-of-use assets, and investment properties	9,10,11	**29,057**	24,195
Profit on sale of property, plant and equipment	9	**(1,083)**	(1,199)
Amortisation and impairment of intangible assets	12	**6,689**	8,633
Grant income	-	**(3,280)**	(2,816)

These costs/(income) can be found within cost of sales, distribution costs and administrative expenses in the Consolidated income statement. Further detail on each element can be found in the relevant notes.

Costs within Administrative expenses relating to auditor fees included:

	2025 £'000	2024 £'000
Audit of these financial statements	**899**	873
Audit of subsidiary undertakings pursuant to legislation	**589**	606
Other assurance	**33**	27
All other non-audit fees	**-**	-
Total auditor fees	**1,521**	1,506

7. Taxation

The Group tax charge is affected by our geographic mix of profits and other factors explained in this note. Our expected future tax charges and related tax assets are also set out in the deferred tax section, together with our view on whether we will be able to make use of these in the future.

Accounting policy

Tax on the profit for the year comprises current, deferred and global minimum taxes. Tax is recognised in the Consolidated income statement except to the extent that it relates to items recognised directly in Other comprehensive income, in which case it is recognised in the Consolidated statement of comprehensive income and expense. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and

- differences relating to investments in subsidiaries, to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profits (including the future release of deferred tax liabilities) will be available, against which the deductible temporary differences can be used, based on management's assumptions relating to the amounts and timing of future taxable profits. Estimates of future profitability on an entity basis are required to ascertain whether it is probable that sufficient taxable profits will arise to support the recognition of deferred tax assets relating to the corresponding entity.

Key judgement – Whether uncertain tax positions need to be recognised

The Group is subject to a range of tax legislation that can vary by jurisdiction, and tax compliance for global businesses is increasingly complex. The objective of our tax strategy is to comply with all applicable tax laws and regulations in the territories that the Group operates in, however sometimes the tax treatment of transactions and events can be uncertain.

Where this is the case, judgement is needed in how these uncertain tax treatments should be reflected in preparing the financial statements, particularly as such topics are often complex and can take several years to *resolve. This year, the nature and potential value of the issues under review were significant and were a key judgement for management.*

The following table shows an analysis of the tax charge:

	2025 £'000	2024 £'000
Current tax:		
UK corporation tax on profits for the year	**7,550**	3,748
UK corporation tax – prior year adjustments	**2,778**	(693)
Overseas tax on profits for the year	**16,018**	14,497
Overseas tax – prior year adjustments	**6,166**	105
Global minimum tax	**757**	-
Total current tax	**33,269**	17,657
Deferred tax:		
Origination and reversal of temporary differences	**2,077**	8,613
Prior year adjustments	**(1,203)**	(473)
Derecognition of previously recognised tax losses and excess interest	**323**	427
Recognition of previously unrecognised tax losses and excess interest	**(223)**	(519)
	974	8,048
Tax charge on profit	**34,243**	25,705

The tax for the year is higher (2024: lower) than the UK standard rate of corporation tax of 25% (2024: 25% weighted). The differences are explained as follows:

	2025 £'000	2024 £'000
Profit before tax	**118,000**	122,594
Tax at 25.0% (2024: 25.0%)	**29,500**	30,649
Effects of:		
Different tax rates applicable in overseas subsidiaries	**(4,648)**	(4,866)
Permanent differences	**1,439**	1,028
Global minimum tax	**757**	-
Companies with unrelieved tax losses	**7**	93
Share of profits of joint ventures	**(885)**	(970)
Tax incentives	**(123)**	-
Prior year adjustments	**7,741**	(1,061)
Recognition of previously unrecognised tax losses and excess interest	**(223)**	(519)
Derecognition of previously recognised tax losses and excess interest	**323**	427
Irrecoverable withholding tax	**720**	447
Deferred tax on unremitted earnings	**(425)**	425
Other differences	**60**	52
Tax charge on profit	**34,243**	25,705
Effective tax rate	**29.0%**	21.0%

We operate in many countries around the world and the overall effective tax rate (ETR) is a result of the combination of the varying tax rates applicable throughout these countries. The FY2025 ETR has increased mainly due to the Global minimum tax charge of £757,000 and a prior year adjustment of £9,154,000 relating to historical and non-recurring tax matters. The tax matters relate to specific legacy arrangements which we would not expect to recur. Applicable accounting standards require a full provision for tax and the associated interest of £4,852,000, however, we continue to seek resolution to these matters which would reduce these amounts.

The Group's future ETR largely depends on the geographic mix of profits and whether there are any changes to tax legislation in the Group's most significant countries of operations.

The Finance (No 2) Bill 2023, that includes Pillar Two legislation, was substantively enacted on 20 June 2023 for IFRS purposes. The Pillar Two rules came into effect for accounting periods beginning on or after 1 January 2024, therefore the rules apply to the Group from FY2025 onwards.

The Group has accrued Global minimum tax of £757,000 for FY2025 (FY2024: nil) in respect of Ireland, which is due to the statutory corporate income tax rate of 12.5% on trading income being lower than the global minimum tax rate of 15%. The impact on the effective tax rate of the Group as a result was 0.6% (FY2024: 0.0%). This is in line with the Group's expectations in FY2024 that the impact would not exceed a 0.7% increase to the Group's ETR in FY2025. The Group will continue to assess the future impact of Pillar Two based on the latest guidance and law changes of each jurisdiction that it operates in to ensure compliance.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to net settle the balances. After taking these offsets into account, the net position of £16.4m liability (2024: £13.2m liability) is presented as a £22.4m deferred tax asset (2024: £20.4m asset) and a £38.8m deferred tax liability (2024: £33.6m liability) in the Consolidated balance sheet.

Where deferred tax assets are recognised, the Directors are of the opinion, based on recent and forecast trading, that the level of profits in current and future years make it more likely than not that these assets will be recovered.

Balances at the end of the year were:

		2025			2024	
	Assets £'000	**Liabilities £'000**	**Net £'000**	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment	**574**	**(33,086)**	**(32,512)**	549	(29,946)	(29,397)
Intangible assets	**-**	**(4,655)**	**(4,655)**	-	(4,067)	(4,067)
Intragroup trading (inventories)	**16,262**	**-**	**16,262**	15,147	-	15,147
Intragroup trading (fixed assets)	**1,129**	**-**	**1,129**	1,101	-	1,101
Defined benefit pension schemes	**6,128**	**(2,380)**	**3,748**	6,191	(2,445)	3,746
Reimbursement right	**-**	**(3,744)**	**(3,744)**	-	(3,514)	(3,514)
Derivatives	**-**	**(5,088)**	**(5,088)**	-	(3,637)	(3,637)
Tax losses	**1,545**	**-**	**1,545**	1,823	-	1,823
Other	**7,663**	**(700)**	**6,963**	6,895	(1,330)	5,565
Balance at the end of the year	**33,301**	**(49,653)**	**(16,352)**	31,706	(44,939)	(13,233)

Other deferred tax assets include temporary differences relating to inventory provisions totalling £2.6m (2024: £2.9m), other provisions (including bad debt provisions) of £0.6m (2024: £1.0m), and employee benefits relating to Renishaw plc of £1.0m (2024: £1.1m) and Renishaw KK of £0.7m (2024: £0.8m), with the remaining balance relating to several other smaller temporary differences.

The movements in the deferred tax balance during the year were:

	2025 £'000	2024 £'000
Balance at the beginning of the year	**(13,233)**	(16,175)
Movements in relation to property, plant and equipment	**(3,115)**	(5,008)
Movements in relation to intangible assets	**(588)**	(145)
Movements in relation to intragroup trading (inventories)	**1,115**	(1,618)
Movements in relation to intragroup trading (fixed assets)	**28**	(669)
Movements in relation to defined benefit pension schemes	**146**	(521)
Movements in relation to tax losses	**(278)**	(458)
Movement in relation to other	**1,718**	371
Movements in the Consolidated income statement	**(974)**	(8,048)
Movements in relation to the cash flow hedging reserve	**(1,451)**	(1,453)
Movements in relation to the defined benefit pension scheme assets/liabilities/reimbursement right	**(374)**	12,450
Movements in the Consolidated statement of comprehensive income and expense	**(1,825)**	10,997
Currency adjustment	**(320)**	(7)
Balance at the end of the year	**(16,352)**	(13,233)

Deferred tax assets of £1.5m (2024: £1.8m) in respect of losses are recognised where it is considered likely that the business will generate sufficient future taxable profits. Deferred tax assets have not been recognised in respect of tax losses carried forward of £5.0m (2024: £6.1m), due to uncertainty over their offset against future taxable profits and therefore their recoverability. These losses are held by Group companies in Brazil, Australia, Canada, UAE and the US, where for 90% of losses there are no time limitations on their utilisation.

In determining profit forecasts for each Group company, the key variable is the revenue forecast, which has been estimated using consistently applied external and internal data sources. Sensitivity analysis indicates that a reduction of 5% to relevant revenue forecasts would result in an impairment to deferred tax assets recognised in respect of losses and intragroup trading (inventories) of around £0.2m. An increase of 5% to relevant revenue forecasts would result in additions to deferred tax assets in respect of tax losses not recognised of around £0.3m.

It is likely that the majority of unremitted earnings of overseas subsidiaries would qualify for the UK dividend exemption. However, £73.7m (2024: £68.3m) of those earnings may still result in a tax liability principally as a result of withholding taxes levied by the overseas jurisdictions in which those subsidiaries operate. These tax liabilities are not expected to exceed £5.2m (2024: £4.3m), of which £nil (2024: £0.4m) has been provided on the basis that the Group does not expect to remit these amounts in the foreseeable future.

8. Earnings per share

Basic earnings per share is the amount of profit generated in a financial year attributable to equity shareholders, divided by the weighted average number of shares in issue during the year.

Basic and diluted earnings per share are calculated on earnings of £83,757,000 (2024: £96,889,000) and on 72,734,797 shares (2024: 72,719,565 shares), being the number of shares in issue. The number of shares excludes 53,746 (2024: 68,978) shares held by the Employee Benefit Trust (EBT). On this basis, earnings per share (basic and diluted) is calculated as 115.2 pence (2024: 133.2 pence).

There is no difference between the weighted average earnings per share and the basic and diluted earnings per share.

For the calculation of adjusted earnings per share, per Note 29, earnings of £83,757,000 were adjusted by post-tax amounts for:

- Costs related to the closure of the drug delivery business, £2,059,000 loss;

- Costs related to the closure of the Edinburgh research facility, £2,320,000 loss;

- Other interest payable related to liabilities recognised for historical and non-recurring tax matters, £4,852,000 loss; and

- Taxation prior year adjustment related to historical and non-recurring tax matters, £9,154,000 loss.

There is no difference between statutory and adjusted earnings per share in FY2024.

9. Property, plant and equipment

The Group makes significant investments in distribution and manufacturing infrastructure. During the year we have invested in our manufacturing equipment at our Miskin facility in Wales, UK, following the expansion in the previous year.

Accounting policy

Freehold land is not depreciated. Other assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided to write off the cost of assets less their estimated residual value on a straight-line basis over their estimated useful economic lives as follows: freehold buildings, 50 years; building infrastructure, 10 to 50 years; plant and equipment, 3 to 25 years; and vehicles, 3 to 4 years.

Year ended 30 June 2025	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 July 2024	**255,536**	**278,189**	**6,099**	**56,593**	**596,417**
Additions	**6,374**	**23,258**	**1,220**	**15,421**	**46,273**
Transfers	**19,032**	**18,443**	**-**	**(37,475)**	**-**
Transfers to investment properties	**(2,795)**	**(597)**	**-**	**-**	**(3,392)**
Disposals	**(725)**	**(7,819)**	**(1,206)**	**-**	**(9,750)**
Currency adjustment	**(2,794)**	**(2,420)**	**(151)**	**-**	**(5,365)**
At 30 June 2025	**274,628**	**309,054**	**5,962**	**34,539**	**624,183**
Depreciation					
At 1 July 2024	**49,460**	**216,838**	**5,079**	**-**	**271,377**
Charge for the year	**5,275**	**17,497**	**470**	**-**	**23,242**
Impairment	**989**	**-**	**-**	**-**	**989**
Transfers to investment properties	**(1,179)**	**(439)**	**-**	**-**	**(1,618)**
Disposals	**(270)**	**(4,619)**	**(1,057)**	**-**	**(5,946)**
Currency adjustment	**(485)**	**(1,562)**	**(101)**	**-**	**(2,148)**
At 30 June 2025	**53,790**	**227,715**	**4,391**	**-**	**285,896**
Net book value					
At 30 June 2025	**220,838**	**81,339**	**1,571**	**34,539**	**338,287**
At 30 June 2024	206,076	61,351	1,020	56,593	325,040

Profit on disposals of Property, plant and equipment amounted to £1.1m (2024: £1.2m profit).

Additions to assets in the course of construction comprise £11.2m (2024: £36.5m) for land and buildings and £4.2m (2024: £15.4m) for plant and equipment.

At 30 June 2025, properties with a net book value of £48.7m (2024: £45.9m) were subject to a fixed charge to secure the UK defined benefit pension scheme liabilities.

Year ended 30 June 2024	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 July 2023	213,385	273,156	7,112	53,469	547,122
Reclassification	3,669	(3,669)	-	-	-
Additions	2,412	10,615	308	51,912	65,247
Transfers	42,637	6,151	-	(48,788)	-
Disposals	(2,916)	(6,810)	(1,245)	-	(10,971)
Currency adjustment	(3,651)	(1,254)	(76)	-	(4,981)
At 30 June 2024	255,536	278,189	6,099	56,593	596,417
Depreciation					
At 1 July 2023	45,647	209,546	5,844	-	261,037
Reclassification	540	(540)	-	-	-
Charge for the year	4,378	14,526	382	-	19,286
Disposals	(658)	(5,951)	(1,086)	-	(7,695)
Currency adjustment	(447)	(743)	(61)	-	(1,251)
At 30 June 2024	49,460	216,838	5,079	-	271,377
Net book value					
At 30 June 2024	206,076	61,351	1,020	56,593	325,040
At 30 June 2023	167,738	63,610	1,268	53,469	286,085

10. Right-of-use assets

The Group leases distribution properties and cars from third parties and recognises an associated right-of-use asset where we are afforded control and economic benefit from the use of the asset.

Accounting policy

At the commencement date of a lease arrangement the Group recognises a right-of-use asset for the leased item and a lease liability for any payments due. Right-of-use assets are initially measured at cost, being the present value of the lease liability plus any initial costs incurred in entering the lease and less any incentives received. See Note 21 for further detail on lease liabilities. Right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life or the end of the lease term.

Year ended 30 June 2025	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2024	**9,899**	**66**	**4,781**	**14,746**
Additions	**1,746**	**49**	**841**	**2,636**
Reductions	**-**	**-**	**(12)**	**(12)**
Depreciation	**(2,541)**	**(43)**	**(2,049)**	**(4,633)**
Currency adjustment	**(451)**	**2**	**(70)**	**(519)**
At 30 June 2025	**8,653**	**74**	**3,491**	**12,218**

Year ended 30 June 2024	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Net book value				
At 1 July 2023	5,069	89	3,244	8,402
Additions	7,320	51	3,843	11,214
Reductions	-	-	(3)	(3)
Depreciation	(2,434)	(73)	(2,146)	(4,653)
Currency adjustment	(56)	(1)	(157)	(214)
At 30 June 2024	9,899	66	4,781	14,746

11. Investment properties

The Group's investment properties consist of properties in the UK, Ireland, India and Switzerland, which are occupied by rent-paying third parties. During the year, we have transferred two properties from Property, plant and equipment to Investment properties following a change in use in the UK and Switzerland.

Accounting policy

Where property owned by the Group is held to earn rentals or for long-term capital growth it is recognised as investment property.

Where a property is part-occupied by the Group, portions of the property are recognised as investment property if they meet the above description and if these portions could be sold separately and reliably measured. If the portions could not be sold separately, the property is recognised as an investment property only if a significant proportion is held for rental or appreciation purposes.

The Group has elected to value investment properties on a cost basis, initially comprising of the purchase price and any directly attributable expenditure. Depreciation is provided to write off the cost of assets on a straight-line basis over their estimated useful economic lives, being 50 years. Amounts relating to freehold land is not depreciated.

	2025	2024
	£'000	£'000
Cost		
Balance at the beginning of the year	**12,103**	11,896
Additions	**-**	271
Transfers from Property, plant and equipment	**3,392**	-
Currency adjustment	**(284)**	(64)
Balance at the end of the year	**15,211**	12,103
Depreciation		
Balance at the beginning of the year	**1,818**	1,573
Charge for the year	**193**	256
Transfers from Property, plant and equipment	**1,618**	-
Currency adjustment	**16**	(11)
Balance at the end of the year	**3,645**	1,818
Net book value	**11,566**	10,285

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

Amounts recognised in the Consolidated income statement relating to investment properties:

	2025	2024
	£'000	£'000
Rental income	**945**	829
Direct operating expenses (including repairs and maintenance)	**218**	247
Profit	**727**	582

The fair value of the Group's investment properties totalled £18.4m at 30 June 2025 (2024: £14.7m). Fair values of each investment property have been determined within the last three years by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of each investment property being valued. These valuations have been assessed to be materially appropriate at 30 June 2025.

12. Intangible assets

Our Consolidated balance sheet contains significant intangible assets, mainly for goodwill (which arises when we acquire a business and pay a higher amount than the fair value of its net assets) and capitalised development costs. We make significant investments into the development of new products, a key part of our business model, and some of these costs are initially capitalised and then written off over the lifetime of future sales of that product..

Accounting policy

Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, net of deferred tax. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment or earlier if there are any indications of impairment. The annual impairment review involves comparing the carrying amount to the estimated recoverable amount and recognising an impairment loss if the recoverable amount is lower. Impairment losses are recognised in the Consolidated income statement.

Intangible assets such as customer lists, patents, trademarks, know-how and intellectual property that are acquired by the Group are stated at cost less amortisation and impairment losses. Amortisation is charged to the Consolidated income statement on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of the intangible assets included in the Consolidated balance sheet reflect the benefit derived by the Group and vary from five to 10 years.

Expenditure on research activities is recognised in the Consolidated income statement as an expense as incurred. Expenditure on development activities is capitalised if: the product or process is technically and commercially feasible; the Group intends and has the technical ability and sufficient resources to complete development; future economic benefits are probable; and the Group can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated income statement as an expense as incurred.

Capitalised development expenditure is amortised over the useful economic life appropriate to each product or process, ranging from five to 10 years, and is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation commences when a product or process is available for use as intended by management. Capitalised development expenditure is removed from the balance sheet 10 years after being fully amortised.

All non-current assets are tested for impairment whenever there is an indication that their carrying value may be impaired. An impairment loss is recognised in the Consolidated income statement to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value-in-use. An asset's value-in-use represents the present value of the future cash flows expected to be derived from the asset or from the cash generating unit to which it relates. The present value is calculated using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Goodwill and capitalised development costs are subject to an annual impairment test.

Key judgement – Whether a project meets the criteria for capitalisation

Product development costs are capitalised once a project has reached a certain stage of development, being the point at which the product has passed testing to demonstrate it meets the technical specifications of the project and it satisfies all applicable regulations. Judgement is required to assess whether the new product development has reached the appropriate point for capitalisation of costs to begin. These costs are subsequently amortised over their useful economic life once ready for use. Should a product become obsolete, the accumulated capitalised development costs would need to be immediately written off in the Consolidated income statement.

Key estimate – Estimates of future cash flows used for impairment testing.

Determining whether goodwill and capitalised development costs are impaired requires an estimation of the value-in-use of cash-generating units (CGUs) to which goodwill has been allocated. To calculate the value-in-use we need to estimate the future cash flows of each CGU and select the appropriate discount rate for each CGU.

Year ended 30 June 2025	Goodwill £'000	Internally generated development costs £'000	Software licences £'000	Intellectual property and other intangible assets £'000	Total £'000
Cost					
At 1 July 2024	**20,258**	**187,941**	**12,197**	**4,864**	**225,260**
Additions	**-**	**9,999**	**286**	**-**	**10,285**
Disposals	**-**	**(8,368)**	**-**	**-**	**(8,368)**
Currency adjustment	**(376)**	**-**	**22**	**15**	**(339)**
At 30 June 2025	**19,882**	**189,572**	**12,505**	**4,879**	**226,838**
Amortisation					
At 1 July 2024	**9,028**	**154,531**	**11,751**	**2,607**	**177,917**
Charge for the year	**-**	**4,426**	**191**	**254**	**4,871**
Impairment	**-**	**1,818**	**-**	**-**	**1,818**
Disposals	**-**	**(8,368)**	**-**	**-**	**(8,368)**
Currency adjustment	**-**	**-**	**14**	**36**	**50**
At 30 June 2025	**9,028**	**152,407**	**11,956**	**2,897**	**176,288**
Net book value					
At 30 June 2025	**10,854**	**37,165**	**549**	**1,982**	**50,550**
At 30 June 2024	11,230	33,410	446	2,257	47,343

Year ended 30 June 2024	**Goodwill** £'000	**Internally generated development costs** £'000	**Software licences** £'000	**Intellectual property and other intangible assets** £'000	**Total** £'000
Cost					
At 1 July 2023	20,261	178,660	11,978	4,875	215,774
Additions	-	9,281	246	-	9,527
Currency adjustment	(3)	-	(27)	(11)	(41)
At 30 June 2024	20,258	187,941	12,197	4,864	225,260
Amortisation					
At 1 July 2023	9,028	146,221	11,605	2,452	169,306
Charge for the year	-	5,011	165	158	5,334
Impairment	-	3,299	-	-	3,299
Currency adjustment	-	-	(19)	(3)	(22)
At 30 June 2024	9,028	154,531	11,751	2,607	177,917
Net Book value					
At 30 June 2024	11,230	33,410	446	2,257	47,343
At 30 June 2023	11,233	32,439	373	2,423	46,468

Goodwill

Goodwill has arisen on the acquisition of several businesses and has an indeterminable useful life. It is therefore not amortised but is instead tested for impairment annually and at any point during the year when an indicator of impairment exists. Goodwill is allocated to cash generating units (CGUs), as set out below. This is the lowest level in the Group at which goodwill is monitored for impairment.

The analysis of goodwill according to business acquired is:

	2025 £'000	2024 £'000
itp GmbH	**2,959**	2,934
Renishaw Mayfield S.A.	**2,180**	2,089
Renishaw Fixturing Solutions, LLC	**5,055**	5,497
Other smaller acquisitions	**660**	710
Total goodwill	**10,854**	11,230

The recoverable amounts of acquired goodwill are based on value-in-use calculations. These calculations use cash flow projections based on the financial business plans approved by management for the next five financial years. The cash flows beyond this forecast are extrapolated to perpetuity using a nil growth rate on a prudent basis, to reflect the uncertainties over forecasting beyond five years.

The following pre-tax discount rates have been used in discounting the projected cash flows:

Business acquired	CGU	**2025 Discount rate**	2024 Discount rate
itp GmbH	itp GmbH entity (‘ITP’)	**15.1%**	13.6%
Renishaw Fixturing Solutions, LLC	Renishaw plc (‘PLC’)	**16.5%**	14.6%
Renishaw Mayfield S.A.	Renishaw Mayfield S.A. entity (‘Mayfield’)	**20.5%**	24.6%

The Group post-tax weighted average cost of capital, calculated at 30 June 2025, is 11.6% (2024: 10.7%). Pre-tax discount rates for Manufacturing technologies CGUs (ITP and PLC) are calculated from this basis, given that they are aligned with the wider Group’s industries, markets and processes. The Analytical instruments and medical devices’ CGU (Mayfield) has a higher risk weighting, reflecting the less mature nature of this segment.

CGU specific five-year business plans have been used in determining cash flow projections. Within these plans, revenue forecasts are calculated with reference to external market data, past outperformance, and new product launches, consistent with revenue forecasts across the Group. Production costs, engineering costs, distribution costs and administrative expenses are calculated based on management’s best estimates of what is required to support revenue growth and new product development. Estimates of capital expenditure and working capital requirements are also included in the cash flow projections. The key estimate within these business plans is the forecast of revenue growth, given that the cost bases of the businesses can be flexed in line with revenue performance. Given the average revenue growth assumptions included in the five-year business plans, management’s sensitivity analysis involves modelling a reduction in the forecast cash flows utilised in those business plans and therefore into perpetuity.

A growth rate of 0.0% (2024: 0.0%) is used to derive the value in perpetuity in all CGUs.

For there to be an impairment in the PLC, ITP or Mayfield CGUs, the pre-tax discount rate would need to increase to at least 20%, 21% and 25% respectively, or there would need to be a reduction to forecast cash flows of 18%, 30% and 8% respectively.

Internally generated development costs

The key assumption in determining the value-in-use for internally generated development costs is the forecast unit sales over the useful economic life, which is determined by management using their knowledge and experience with similar products and the sales history of products already available in the market. Resulting cash flow projections over five to 10 years, the period over which product demand forecasts can be reasonably predicted and internally generated development costs are written off, are discounted using pre-tax discount rates, which are calculated from the Group post-tax weighted average cost of capital of 11.6% (2024: 10.7%).

There were impairments of internally generated development costs in the year of £1.8m (2024: £3.3m). This includes a £0.9m impairment of our chronic drug delivery intangible asset, following the decision to close the drug delivery business during the year. The remaining £0.9m is for three other projects where revenue growth is now expected to be lower than previously forecast.

For the largest projects, comprising 97% of the net book value at 30 June 2025, a 10% reduction to forecast unit sales, or an increase in the discount rate by 5%, would not result in an impairment.

13. Investments in joint ventures

Where we make an investment in a company which gives us significant influence but not full control, we account for our share of their post-tax profits in our financial statements. We have joint venture arrangements with two companies, RLS and MSP.

The Group's investments in joint ventures (all investments being in the ordinary share capital of the joint ventures), whose accounting years end on 30 June, were:

	Country of incorporation and principal place of business	**2025 Ownership %**	2024 Ownership %
RLS Merilna tehnika d.o.o. ('RLS') - joint venture	Slovenia	**50.0**	50.0
Metrology Software Products Limited ('MSP') - joint venture	England & Wales	**70.0**	70.0

Although the Group owns 70% of the ordinary share capital of MSP, this is accounted for as a joint venture as the control requirements of IFRS 10 are not satisfied. This is because the shareholders agreement includes that for so long as the Group's holding is less than 75% of the total shares of MSP, Renishaw plc agrees to exercise its voting rights such that it only votes as if it has the same aggregate shareholding as the remaining Management Shareholders.

Movements during the year were:	**2025 £'000**	2024 £'000
Balance at the beginning of the year	**25,485**	22,414
Dividends received	**(1,500)**	(498)
Share of profits of joint ventures	**3,538**	3,880
Currency differences	**169**	(311)
Balance at the end of the year	**27,692**	25,485

Renishaw International Limited ('RIL') has a 14-day notice deposit agreement with RLS. Interest is payable by RIL to RLS at a market rate on a monthly basis. As at 30 June 2025, under this agreement RIL had received EUR 17.0m (£14.5m equivalent) (2024: £8.5m), which is recognised as 'Amounts payable to joint venture' in the Consolidated balance sheet.

Summarised financial information for joint ventures:

	RLS		**MSP**	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000
Assets	**52,093**	49,295	**6,258**	5,470
Liabilities	**(5,526)**	(6,167)	**(532)**	(442)
Net assets	**46,567**	43,128	**5,726**	5,028
Group's share of net assets	**23,284**	21,564	**4,008**	3,520
Revenue	**38,045**	38,548	**3,389**	2,947
Profit for the year	**6,100**	6,546	**697**	867
Group's share of profit for the year	**3,050**	3,273	**488**	607

The financial statements of RLS have been prepared on the basis of Slovenian Accounting Standards.
The financial statements of MSP have been prepared on the basis of FRS 102.

14. Leases (as lessor)

The Group acts as a lessor for Renishaw-manufactured equipment on finance and operating lease arrangements. This is principally for high-value capital equipment such as our additive manufacturing machines.

Accounting policy

Where the Group transfers the risks and rewards of ownership of lease assets to a third party, the Group recognises a receivable in the amount of the net investment in the lease. The lease receivable is subsequently reduced by the principal received, while an interest component is recognised as financial income in the Consolidated income statement. Standard contract terms are up to five years and there is a nominal residual value receivable at the end of the contract.

Where the Group retains the risks and rewards of ownership of lease assets, it continues to recognise the leased asset in Property, plant and equipment. Income from operating leases is recognised on a straight-line basis over the lease term and recognised as revenue rather than other revenue as such income is not material. Operating leases are on one to five year terms.

The total future lease payments are split between the principal and interest amounts below:

	2025			2024		
	Gross investment £'000	**Interest £'000**	**Net investment £'000**	Gross investment £'000	Interest £'000	Net investment £'000
Receivable in less than one year	**6,027**	**832**	**5,195**	4,761	900	3,861
Receivable between one and two years	**5,416**	**572**	**4,844**	5,903	765	5,138
Receivable between two and three years	**4,120**	**317**	**3,803**	4,038	347	3,691
Receivable between three and four years	**2,669**	**154**	**2,515**	2,072	138	1,934
Receivable between four and five years	**803**	**15**	**788**	1,264	83	1,181
Total future minimum lease payments receivable	**19,035**	**1,890**	**17,145**	18,038	2,233	15,805

Finance lease receivables are presented as £11.9m (2024: £11.9m) non-current assets and £5.2m (2024: £3.9m) current assets in the Consolidated balance sheet.

The total of future minimum lease payments receivable under non-cancellable operating leases were:

	2025 £'000	2024 £'000
Receivable in less than one year	**1,138**	1,042
Receivable between one and four years	**1,323**	707
Total future minimum lease payments receivable	**2,461**	1,749

During the year, £1.4m (2024: £1.2m) of operating lease income was recognised in revenue.

15. Cash and cash equivalents and bank deposits

We have always valued having cash in the bank to protect the Group from downturns and enable us to react swiftly to investment or market capture opportunities. We currently hold significant cash and cash equivalents and bank deposits, mostly in the UK and spread across several banks with high credit ratings.

Accounting policy

Cash and cash equivalents comprise cash balances, and deposits with an original maturity of less than three months or with an original maturity date of more than three months where the deposit can be accessed on demand without significant penalty for early withdrawal and where the original deposit amount is recoverable in full.

Cash and cash equivalents

An analysis of cash and cash equivalents at the end of the year was:

	2025 £'000	2024 £'000
Bank balances and cash in hand	**87,138**	75,090
Short-term deposits	**282**	47,203
Balance at the end of the year	**87,420**	122,293

Bank deposits

Bank deposits at the end of the year amounted to £186.2m (2024: £95.5m), of which £60.0m matures in July 2025, £21.0m matures in September 2025, £69.2m matures in December 2025, £0.8m in January 2026, £1.0m in February 2026, £30.0m in May 2026 and £4.2m in June 2026.

During the year bank deposits of £95.5m matured, of which £50.0m matured in December 2024 and £43.0m in May 2025.

16. Inventories

We have continued to focus on our inventory holding requirements, with a small reduction in total inventories, and remain committed to high customer delivery performance.

Accounting policy

Inventory and work in progress is valued at the lower of actual cost on a first-in, first-out (FIFO) basis and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses that are required to bring inventories to their present location and condition. Overheads are absorbed into inventories on the basis of normal capacity or on actual hours if higher.

Key estimate – Determination of net realisable inventory value

Determining the net realisable value of inventory requires management to estimate future demand, especially in respect of provisioning for slow moving and potentially obsolete inventory. When calculating an inventory provision management generates an estimate of future demand for individual inventory items (capped at 3 years) based upon the higher of 12 months of historical usage or 12 months of demand from customer orders and manufacturing build plans. A 50% provision is calculated where actual holdings represent between 3 to 5 years' worth of future demand, and 100% is calculated where actual holdings represent over 5 years' worth of future demand. Adjustments are made where needed, for example where it is highly likely that there will be an increase in sales beyond the 12-month demand period or where there are obsolescence programmes.

An analysis of inventories at the end of the year was:

	2025 £'000	2024 £'000
Raw materials	**56,911**	53,542
Work in progress	**31,623**	32,840
Finished goods	**70,931**	75,546
Balance at the end of the year	**159,465**	161,928

At the end of the year, the gross cost of inventories which had provisions held against them totalled £29.4m (2024: £29.6m). During the year, the amount of write-down of inventories recognised as an expense in the Consolidated income statement was £1.0m (2024: £6.2m).

Inventories in Renishaw plc account for 61% (2024: 63%) of the total Inventories of the Group. A 10% reduction in the estimate of future demand for all Renishaw plc inventory items would result in an increase in the inventory provision of £0.4m (2024: £0.6m).

17. Provisions

A provision is a liability recorded in the Consolidated balance sheet, where there is uncertainty over the timing or amount that will be paid.

Accounting policy

The Group provides a warranty from the date of purchase, except for those products that are installed by the Group where the warranty starts from the date of completion of the installation. This is typically for a 12-month period, although up to three years is given for a small number of products. A warranty provision is included in the Group financial statements, which is calculated on the basis of historical returns and internal quality reports.

Warranty provision movements during the year were:

	Warranty		**Other**	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000
Balance at the beginning of the year	**2,997**	2,758	-	-
Created during the year	**3,281**	2,633	6,152	-
Unused amounts reversed	**(924)**	-	-	-
Utilised in the year	**(2,528)**	(2,394)	-	-
	(171)	239	6,152	-
Balance at the end of the year	**2,826**	2,997	6,152	-

The warranty provision has been calculated on the basis of historical return-in-warranty information and other internal reports. It is expected that most of this expenditure will be incurred in the next financial year and all expenditure will be incurred within three years of the balance sheet date.

Other provisions comprises interest payable liabilities of £4,852,000 for historical and non-recurring tax matters, see Note 7 for further details, and an onerous contract provision of £1,300,000.

18. Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods, capital equipment and/or services to a customer for which the Group has either received consideration or consideration is due from the customer. Our balances mostly comprise advances received from customers and payments for services yet to be completed.

Balances at the end of the year were:	**2025** **£'000**	2024 £'000
Goods, capital equipment and installation	**813**	210
Aftermarket services	**8,251**	6,955
Deferred revenue	**9,064**	7,165
Advances received from customers	**5,605**	3,715
Balance at the end of the year	**14,669**	10,880

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at the end of the year is £14.7m (2024: £10.9m). Of this, £1.5m (2024: £1.4m) is not expected to be recognised in the next financial year.

19. Other payables

Separate to our trade payables and contract liabilities, which directly relate to our trading activities, our Other payables mostly comprises amounts payable to employees, or relating to employees.

Balances at the end of the year were:

	2025 **£'000**	2024 £'000
Payroll taxes and social security	**7.484**	6,477
Performance bonuses	**11,047**	9,990
Holiday pay and retirement accruals	**11,091**	9,397
Indirect tax payable	**5,278**	5,163
Deferred research and development tax credit ('RDEC')	**1,131**	-
Other creditors and accruals	**21,101**	19,317
Total other payables	**57,132**	50,344

Holiday pay accruals are based on a calculation of the number of days' holiday earned during the year, but not yet taken. Deferred research and development tax credit ('RDEC') relates to amounts received for capitalised development costs which cannot be recognised, see Note 4 for further details.

Other creditors and accruals includes a number of other individually smaller accruals.

20. Borrowings

The Group's only source of external borrowing is a fixed-interest loan facility in our Japanese subsidiary, entered into to directly finance the purchase of a new distribution facility in Japan in FY2019.

Third-party borrowings at 30 June 2025 consist of a loan entered into on 31 May 2019 by Renishaw KK, with original principal of JPY 1,447,000,000 (£10,486,000). Principal of JPY 12,000,000 is repayable each month, with a fixed interest rate of 0.81% also paid on monthly accretion for the first five years. This loan was extended for an additional five years in May 2024, with a fixed interest rate of 1.41% payable for the remaining term, at which time the principal will have been repaid in full. There are no covenants attached to this loan.

Movements during the year were:

	2025 **£'000**	2024 £'000
Balance at the beginning of the year	**3,522**	4,694
Interest	**49**	36
Repayments	**(794)**	(799)
Currency adjustment	**107**	(409)
Balance at the end of the year	**2,884**	3,522

Borrowings are held at amortised cost. There is no significant difference between the book value and fair value of borrowings, which is estimated by discounting contractual future cash flows, which represents level 2 of the fair value hierarchy defined in Note 25.

21. Leases (as lessee)

The Group leases distribution properties and cars from third parties and recognises an associated lease liability for the total present value of payments the lease contracts commit us to.

Accounting policy

At the commencement date of a lease arrangement the Group recognises a right-of-use asset for the leased item and a lease liability for any payments due. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the applicable entity. The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured if there is a change in future lease payments arising from a change in an index or rate (such as an inflation-linked increase) or if there is a change in the Group's assessment of whether it will exercise an extension or termination option. When this happens there is a corresponding adjustment to the right-of-use asset. Where the Group enters into leases with a lease term of 12-months or less, these are treated as 'short-term' leases and are recognised on a straight-line basis as an expense in the Consolidated income statement. The same treatment applies to low-value assets, which are typically IT equipment and office equipment.

Undiscounted future lease liabilities are analysed as below:

2025	**Leasehold property £'000**	**Plant and equipment £'000**	**Motor vehicles £'000**	**Total £'000**
Due in less than one year	**2,490**	**34**	**1,985**	**4,509**
Due between one and two years	**2,110**	**18**	**1,303**	**3,431**
Due between two and three years	**1,667**	**12**	**501**	**2,180**
Due between three and four years	**1,135**	**11**	**80**	**1,226**
Due between four and five years	**182**	**4**	**2**	**188**
Due in more than five years	**4,358**	**-**	**-**	**4,358**
Total future minimum lease payments payable	**11,942**	**79**	**3,871**	**15,892**
Effect of discounting	**(2,916)**	**(4)**	**(211)**	**(3,131)**
Lease liability	**9,026**	**75**	**3,660**	**12,761**

2024	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Due in less than one year	2,396	36	2,161	4,593
Due between one and two years	2,137	22	1,816	3,975
Due between two and three years	1,862	7	1,035	2,904
Due between three and four years	1,549	1	205	1,755
Due between four and five years	1,001	-	8	1,009
Due in more than five years	4,454	-	-	4,454
Total future minimum lease payments payable	13,399	66	5,225	18,690
Effect of discounting	(3,311)	(2)	(355)	(3,668)
Lease liability	10,088	64	4,870	15,022

Lease liabilities are also presented as a £4.0m (2024: £4.0m) current liability and a £8.8m (2024: £11.1m) non-current liability in the Consolidated balance sheet.

Amounts recognised in the Consolidated income statement relating to leases were:

	2025 £'000	2024 £'000
Depreciation of right-of-use assets	**4,633**	4,653
Interest expense on lease liabilities	**685**	537
Expenses relating to short-term and low-value leases	**395**	138
Total expense recognised in the Consolidated income statement	**5,713**	5,328
Total cash outflows for leases	**5,364**	5,034

22. Changes in liabilities arising from financing activities

£000	1 July 2024	**Cash flows**	**Other**	**Currency**	**30 June 2025**
Lease liabilities	15,022	**(4,284)**	**2,564**	**(541)**	**12,761**
Borrowings	3,522	**(794)**	**49**	**107**	**2,884**
	18,544	**(5,078)**	**2,612**	**(434)**	**15,644**

£000	1 July 2023	Cash flows	Other	Currency	30 June 2024
Lease liabilities	8,633	(4,359)	10,967	(219)	15,022
Borrowings	4,694	(799)	36	(409)	3,522
	13,327	(5,158)	11,003	(628)	18,544

See Notes 20 and 21 for further details on borrowing and leasing activities.

23. Employee benefits

The Group operates contributory pension schemes for UK, Ireland and German employees which are of the defined benefit type. The UK and Ireland schemes were closed to new members on 5 April 2007 and 31 December 2007 respectively, at which time they ceased any future accrual for existing members. The German scheme closed to new members on 30 June 2012, however the scheme is open to future accrual for existing members. The Group's largest defined benefit scheme is in the UK.

Accounting policy

Defined benefit pension schemes are managed by trustees who are independent of the Group finances. Investment assets of the schemes are measured at fair value using the bid price of the unitised investments, quoted by the investment manager, at the reporting date. For buy-in insurance contracts, where the income received from a policy matches exactly the benefit payments due to the members it is covering, the value attributable to the contract to be recognised as an asset is the equivalent IAS 19 value of the corresponding liabilities. Reimbursement assets are measured at fair value, quoted by the insurance company, at the reporting date. Reimbursement assets are not classified as a plan asset as they are not a qualifying insurance policy.

Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Remeasurements arising from defined benefit schemes comprise actuarial gains and losses, the return on scheme assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in Other comprehensive income and all other expenses related to defined benefit schemes are included in the Consolidated income statement.

The pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Consolidated balance sheet under Employee benefits. Where a guarantee is in place in relation to a pension scheme deficit, liabilities are reported in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. To the extent that contributions payable will not be available as a refund after they are paid into the plan, a liability is recognised at the point the obligation arises, which is the point at which the minimum funding guarantee is agreed. Overseas-based employees are covered by a combination of state, defined benefit and private pension schemes in their countries of residence. Actuarial valuations of overseas pension schemes were not obtained, apart from Ireland and Germany.

For defined contribution schemes, the amount charged to the Consolidated income statement represents the contributions payable to the schemes in respect of the accounting period.

Key estimate – Valuation of defined benefit pension schemes' liabilities

Determining the value of the future defined benefit obligation requires estimation in respect of the assumptions used to determine the present values. These include future mortality, discount rate and inflation. Management makes these estimates in consultation with independent actuaries.

Key judgement – Whether past service costs need to be recognised

Management also need to determine the appropriate accounting treatment for past service costs, and do so in consultation with independent legal advisors and actuaries.

The total pension cost of the Group for the year was £29.3m (2024: £27.9m), of which £0.1m (2024: £0.1m) related to Directors and £6.2m (2024: £6.5m) related to overseas schemes. The latest full actuarial valuation of the UK defined benefit pension scheme ('UK scheme') was carried out as at 30 September 2021 and updated to

30 June 2025 by a qualified independent actuary. The full actuarial valuation as at 30 September 2024 is in progress.

The Group operates a defined benefit pension scheme for certain employees within Germany. An error has been identified with the Group's classification of the German pension scheme as a defined contribution scheme, as opposed to a defined benefit scheme, following a request for funding from the pension scheme support fund. In line with IAS 8, the Group has restated balances as at 30 June 2024 and 1 July 2023. The actuarial valuation of the liabilities has been prepared by a qualified actuary.

The mortality assumption used for FY2025 is the S3PxA base tables and CMI 2023 model, with long-term improvements of 1% per annum. Adjustments have been made to both the core base tables and CMI 2023 model to allow for the scheme's membership profile and best estimate assumptions of future mortality improvements. The CMI 2024 model was released on 30 June 2025, we will adopt this model as part of our mid-year accounting at 31 December 2025.

Major assumptions used by actuaries for the UK, Ireland and German schemes were:

	30 June 2025			30 June 2024		
	UK scheme	**Ireland scheme**	**Germany scheme**	UK scheme	Ireland scheme	Germany scheme
Discount rate	**5.55%**	**4.00%**	**3.90%**	5.10%	3.75%	3.70%
Rate of increase in pension payments	**2.85%**	**2.25%**	**2.00%**	2.95%	2.50%	2.00%
Rate of increase in salary	**n/a**	**n/a**	**2.50%**	n/a	n/a	2.50%
Inflation rate (RPI)	**3.05%**	**2.25%**	**n/a**	3.25%	2.50%	n/a
Inflation rate (CPI)	**2.05%[1]**			2.25%[1]		
	3.05%[2]	**2.25%**	**2.00%**	3.25%[2]	2.50%	2.00%
Retirement age	**65**	**65**	**67**	64	65	67

1. Pre-2030 2. Post-2030

The major assumptions used by actuaries for the German scheme to calculate the liability at 1 July 2023 were consistent with the assumptions used at 30 June 2024.

The life expectancies from the retirement age of 65 for the UK scheme implied by the mortality assumption at age 65 and 45 are:

	2025 years	2024 years
Male currently aged 65	**21.1**	21.1
Female currently aged 65	**23.5**	23.5
Male currently aged 45	**21.8**	21.8
Female currently aged 45	**24.4**	24.4

The weighted average duration of the UK scheme obligation is around years 15 years (2024: 16 years).

The assets and liabilities in the defined benefit schemes were:

	30 June 2025 £'000	**% of total assets**	30 June 2024 £'000	% of total assets
Market value of assets:				
Insurance contract	**118,158**	**83**	129,207	84
Credit and fixed income funds	**7,924**	**6**	9,268	6
Index linked gilts	**5,815**	**4**	1,269	1
Multi-asset funds	**4,640**	**3**	5,869	4
Equities	**4,295**	**3**	6,861	4
Cash and other	**781**	**1**	660	-
	141,613	**100**	153,134	100
Actuarial value of liabilities	**(151,301)**		(163,638)	-
Deficit in the schemes	**(9,688)**		(10,504)	-
Deferred tax thereon	**3,748**		3,746	-

Note C.45, within the annual report, gives the analysis of the UK scheme. For the Ireland scheme, the market value of assets at the end of the year was £14.8m (2024: £14.0m) and the actuarial value of liabilities was £11.0m (2024: £11.9m). The UK scheme was in a net surplus position at 30 June 2025 totalling £7.6m (2024: surplus £8.7m), and is therefore presented in non-current assets in the Consolidated balance sheet. The Ireland scheme was in a net asset position at 30 June 2025 totalling £3.8m (2024: £2.1m), and is therefore also presented in non-current assets. For the German scheme, the actuarial value of liabilities was £21.1m (2024: £21.3m), which is presented gross in non-current liabilities. The German scheme does not have any plan assets, rather a reimbursement right asset of £12.9m (2024: £12.1m) which is separately disclosed in the Consolidated balance sheet in assets.

During FY2024, the Trustee of the UK scheme undertook a buy-in and insured around 99% of the UK scheme's liabilities by purchasing an insurance policy. This contract was effective from 19 October 2023 and is held in the name of the Trustee. The value of the contract is recognised as a UK scheme asset for the purposes of IAS 19. In line with IAS 19.115, for a buy-in insurance contract such as this, where the income received from the policy matches exactly the benefit payments due to the members it is covering, the value attributable to the contract to be recognised as an asset is the equivalent IAS 19 value of the corresponding liabilities.

Equities are held in externally-managed funds and primarily relate to UK and US equities. Credit and fixed income funds, and index linked gilts relate to UK, US and Eurozone government-linked securities, again held in externally-managed funds. The fair values of these equity and fixed income instruments are determined using the bid price of the unitised investments, quoted by the investment manager, at the reporting date and therefore represent level 2 of the fair value hierarchy defined in Note 25. Multi-asset funds are also held in externally-managed funds, with active asset allocation to diversify growth across asset classes such as equities, bonds and money-market instruments. The fair value of these funds is determined on a comparable basis to the equity and fixed income funds, and therefore are also level 2 assets. Cash and other at 30 June 2025 mostly comprises amounts held in a Sterling bank account, in which the principal is preserved and same day liquidity is available.

No scheme assets are directly invested in the Group's own equity.

The movements in the schemes' assets, liabilities and reimbursement right were:

Year ended 30 June 2025	**Reimbursement right £'000**	**Assets £'000**	**Liabilities £'000**	**Total £'000**
Balance at the beginning of the year	12,116	153,134	(163,638)	1,612
Contributions paid	-	162	-	162
Interest on pension schemes	-	7,465	(6,962)	503
Remeasurement gain/(loss) under IAS 19	1,498	(12,267)	13,546	2,777
Scheme administration expenses	(705)	(1,128)	-	(1,833)
Benefits paid	-	(5,753)	5,753	-
Balance at the end of the year	**12,909**	**141,613**	**(151,301)**	**3,221**

Year ended 30 June 2024	Reimbursement right £'000	Assets £'000	Liabilities £'000	Total £'000
Balance at the beginning of the year	11,348	196,329	(159,451)	48,226
Contributions paid	-	161	-	161
Interest on pension schemes	-	9,581	(6,673)	2,908
Remeasurement gain/(loss) under IAS 19	768	(45,054)	(4,490)	(48,776)
Scheme administration expenses	-	(907)	-	(907)
Benefits paid	-	(6,976)	6,976	-
Balance at the end of the year	12,116	153,134	(163,638)	1,612

The analysis of the amount recognised in the Consolidated statement of comprehensive income and expense was:

	2025 £'000	2024 £'000
Actuarial gain/(loss) arising from:		
- Changes in demographic assumptions	**-**	35
- Changes in financial assumptions	**14,857**	775
- Experience adjustment	**187**	(4,532)
Return on plan assets excluding interest income	**(12,267)**	(45,054)
Total amount recognised in the Consolidated statement of comprehensive income and expense	**2,777**	(48,776)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income and expense was a loss of £63.9m (2024: loss of £66.7m).

The net surplus of the Group's defined benefit pension schemes, including the reimbursement right, on an IAS 19 basis, has increased from £1.6m at 30 June 2024 to £3.2m at 30 June 2025, primarily as a result of actuarial movements.

For the UK scheme, the latest actuarial report prepared in September 2021 shows a deficit of £52.8m, which is based on funding to self-sufficiency and uses prudent assumptions. IAS 19 requires best estimate assumptions to be used, resulting in the IAS 19 net surplus being higher than the actuarial deficit.

The existing deficit funding plan for the UK scheme is in place until 30 June 2031, at which time any outstanding deficit will be paid. The agreement will end sooner if the actuarial deficit (calculated on a self-sufficiency basis) is eliminated in the meantime. The net book value of properties subject to fixed charges under this agreement at 30 June 2025 was £48.7m (2024: £45.9m).

The charges may be enforced by the Trustees if one of the following occurs: (a) the Company does not pay funds into the scheme in line with the agreed plan; (b) an insolvency event occurs in relation to the Company; or (c) the Company does not pay any deficit at 30 June 2031.

Under the Ireland defined benefit pension scheme deficit funding plan, a property owned by Renishaw Ireland (DAC) is subject to a registered fixed charge to secure the Ireland defined benefit pension scheme's deficit.

For the UK scheme, a guide to the sensitivity of the value of the respective liabilities is as follows:

	Variation	Approximate effect on liabilities
UK – discount rate	Increase/decrease by 0.5%	-£10.2m/+£11.4m
UK – future inflation	Increase/decrease by 0.5%	+£7.7m/-£7.8m
UK – mortality	Increased/decreased life by one year	+£5.7m/-£4.5m

Benefits in the UK Fund are subject to a DC underpin at the point of retirement or transfer out. Historically, this has been allowed for in the accounts in a consistent manner to current administrative practice and the triennial funding valuations. During the buy-in process, it was identified that the drafting of the DC underpin in the UK Fund Rules may require that the DC underpin is applied in a manner which is different to the administrative practice which has been applied. The Trustee and Company are currently seeking legal clarification and advice on this issue, with the intention of correcting the Rules to match administrative practice. No allowance for this matter has been made in the 30 June 2025 financial statements, as management continue to assess it to be unlikely that there will be an increase in liabilities, and due to the uncertainty of legal treatment and therefore any potential impact on liabilities.

In June 2023, the High Court ruled that certain historical amendments made to the rules of the Virgin Media pension scheme were invalid without the scheme's actuary having provided the associated Section 37 certificates. This judgment was upheld by the Court of Appeal in July 2024, which has implications on other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. The UK scheme was contracted out until 5 April 2007 and amendments were made during the relevant period and as such the ruling could have implications for the UK scheme. In June 2025, the UK Government announced it will introduce legislation to allow affected pension schemes to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Company and the Trustees have commenced a review of all amending documents between 6 April 1997 and 5 April 2016 for the scheme to determine whether proper procedures were undertaken at the time of the amendments by the Trustees, actuaries and administrators. The Trustee and Company continue to seek legal advice on this matter and will act appropriately to obtain retrospective actuarial confirmation where appropriate. At the date of approving these financial statements, the possible implications, if any, for the UK scheme not having all Section 37 certificates have not been investigated in detail. Accordingly, no amendments for this matter have been included in the IAS 19 actuarial valuation as the impact, if any, cannot be reliably assessed.

Reimbursement right

The Group has recognised a reimbursement right in respect of its pension obligation for the German scheme. At 30 June 2025, the value of reimbursement right is £12,909,000 (2024: £12,116,000). This asset relates to an insurance policy that reimburses the Group for pension payments made to scheme members. The reimbursement right is not classified as a plan asset as it is not a qualifying insurance policy. The insurance policy is held with a regulated insurer and covers a portion of the pension benefits payable under the plan. The reimbursement right is considered virtually certain and has been measured at fair value.

24. Share-based payments

The Group provides share-based payment arrangements to certain employees in accordance with the Renishaw plc deferred annual equity incentive plan. The Governance section, in the Annual Report, provides information of how these awards are determined.

Accounting policy

Renishaw shares are granted in accordance with the Renishaw plc deferred annual equity incentive plan (the DAEIP). The share awards are subject only to continuing service of the employee and are equity settled. The fair value of the awards at the date of grant, which is estimated to be equal to the market value, is charged to the Consolidated income statement on a straight-line basis over a three-year vesting period, with appropriate adjustments made to reflect expected or actual forfeitures. The corresponding credit is to Other reserve.

The number of shares to be awarded is calculated by dividing the relevant amount of annual bonus under the DAEIP by the average price of a share during a period determined by the Remuneration Committee of not more than five dealing days ending with the dealing day before the award date. These shares must be purchased on the open market and cannot be satisfied by issuance of new shares or transfer of existing treasury shares.

The Renishaw Employee Benefit Trust (EBT) is responsible for purchasing shares on the open market on behalf of the Company to satisfy the DAEIP awards. These are held by the EBT until transferring to the employee, which will normally be on the third anniversary of the award date, subject to continued employment. Malus and clawback provisions can be operated by the Committee within five years of the award date. During the vesting period, no dividends are payable on the shares. However, upon vesting, employees will be entitled to additional shares or cash, equivalent to the value of dividends paid on the awarded shares during this period. This amount is accrued over the vesting period.

Own shares held are recognised as an element in equity until they are transferred at the end of the vesting period, and such shares are excluded from earnings per share calculations.

The total cost recognised in the FY2025 Consolidated income statement in respect of the DAEIP was £0.8m (2024: £0.9m). See Note 26 for reconciliations of amounts recognised in Equity.

In accordance with the DAEIP, shares equivalent to £0.9m (2024: £0.2m) are to be awarded in respect of FY2025.

25. Financial instruments

The Group has exposure to credit risk, liquidity risk and market risk arising from its use of financial instruments. This note presents information about the Group's exposure to these risks, along with the Group's objectives, policies and processes for measuring and managing the risks.

Accounting policy

The Group measures financial instruments such as forward exchange contracts at fair value at each balance sheet date in accordance with IFRS 9 'Financial Instruments'. Fair value, as defined by IFRS 13 'Fair Value Measurement', is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This note provides detail on the IFRS 13 fair value hierarchy.

Trade and other current receivables are initially recognised at fair value and are subsequently held at amortised cost less any provision for bad and doubtful debts and expected credit losses according to IFRS 9. Trade and other current payables are initially recognised at fair value and are subsequently held at amortised cost.

Financial liabilities in the form of loans are initially recognised at fair value and are subsequently held at amortised cost. Financial liabilities are assessed for embedded derivatives and whether any such derivatives are closely related. If not closely related, such derivatives are accounted for at fair value in the Consolidated income statement.

Foreign currency derivatives are used to manage risks arising from changes in foreign currency rates relating to overseas sales and foreign currency-denominated assets and liabilities. The Group does not enter into derivatives for speculative purposes. Foreign currency derivatives are stated at their fair value, being the estimated amount that the Group would pay or receive to terminate them at the balance sheet date, based on prevailing foreign currency rates.

Changes in the fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in Other comprehensive income and in the Cash flow hedging reserve, and subsequently transferred to the carrying amount of the hedged item or the Consolidated income statement.

Realised gains or losses on cash flow hedges are therefore recognised in the Consolidated income statement within revenue in the same period as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or when the hedging instrument or hedged item no longer qualify for hedge accounting. If the forecast transaction is still expected to occur, but is no longer highly probable, the cumulative gain or loss in the cash flow hedge reserve remains in that reserve until the transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is immediately reclassified to the Consolidated income statement.

Changes in fair value of foreign currency derivatives, which are ineffective or do not meet the criteria for hedge accounting in IFRS 9, are recognised in the Consolidated income statement within Gains/losses from the fair value of financial instruments.

In addition to derivatives held for cash flow hedging purposes, the Group uses short-term derivatives not designated as hedging instruments to offset gains and losses from exchange rate movements on foreign currency-denominated assets and liabilities. Gains and losses from currency movements on underlying assets and liabilities, realised gains and losses on these derivatives, and fair value gains and losses on outstanding derivatives of this nature are all recognised in Financial income and expenses in the Consolidated income statement.

Key estimate – Estimates of highly probable forecasts of the hedged item.

Derivatives are effective for hedge accounting to the extent that the hedged item is ‘highly probable’ to occur, with ‘highly probable’ indicating a much greater likelihood of occurrence than the term ‘more likely than not’. Determining a highly probable sales forecast for Renishaw plc and Renishaw UK Sales Limited, being the hedged item, over a multiple year time period, requires judgement of the suitability of external and internal data sources and estimations of future sales.

Fair value

There is no significant difference between the fair value of financial assets and financial liabilities and their carrying value in the Consolidated balance sheet. All financial assets and liabilities are held at amortised cost, apart from the forward foreign currency exchange contracts, which are held at fair value, with changes going through the Consolidated income statement unless the contracts are subject to hedge accounting.

The fair values of the forward foreign currency exchange contracts have been calculated by a third-party expert, discounting estimated future cash flows on the basis of market expectations of future exchange rates, representing level 2 in the IFRS 13 fair value hierarchy. The IFRS 13 level categorisation relates to the extent the fair value can be determined by reference to comparable market values. The classifications are: level 1 where instruments are quoted on an active market; level 2 where the assumptions used to arrive at fair value have comparable market data; and level 3 where the assumptions used to arrive at fair value do not have comparable market data.

Credit risk

The Group’s liquid funds are substantially held with banks with high credit ratings and the credit risk relating to these funds is therefore limited. The Group carries a credit risk relating to non-payment of trade receivables by its customers. The Group’s policy is that credit evaluations are carried out on all new customers before credit is given above certain thresholds. Risk is spread across a large number of customers with no significant concentration with one customer or in any one geographical area. The Group establishes an allowance for impairment in respect of trade receivables where recoverability is considered doubtful.

An analysis by currency of the Group’s financial assets at the year end is as follows:

	Trade and finance lease receivables		Other receivables		Cash and cash equivalents and bank deposits	
	2025	2024	**2025**	2024	**2025**	2024
Currency	**£’000**	£’000	**£’000**	£’000	**£’000**	£’000
Pound Sterling	**17,076**	17,258	**30,438**	24,807	**223,491**	168,781
US Dollar	**50,034**	57,209	**970**	1,613	**11,322**	8,261
Euro	**30,669**	30,699	**3,525**	2,320	**5,153**	10,532
Chinese Yuan	**13,592**	11,179	**512**	574	**17,069**	11,284
Japanese Yen	**13,181**	13,135	**136**	144	**2,730**	3,358
Other	**21,057**	20,398	**5,151**	4,618	**13,881**	15,619
	145,609	149,878	**40,732**	34,076	**273,646**	217,835

The above Trade and finance lease receivables, Other receivables and Cash and cash equivalents bank deposits are predominately held in the functional currency of the relevant entity, with the exception of £13.2m (2024: £21.3m) of US Dollar-denominated trade receivables being held in Renishaw (Hong Kong) Limited and £1.6m (2024: £1.6m) of Euro-denominated trade receivables being held in Renishaw UK Sales Limited, along with some foreign currency cash balances which are of a short-term nature.

The ageing of trade receivables past due at the end of the year was:

	2025	2024
	£'000	£'000
Past due zero to one month	**13,601**	13,250
Past due one to two months	**5,935**	7,763
Past due more than two months	**8,538**	13,041
Balance at the end of the year	**28,074**	34,054

Movements in the provision for impairment of trade receivables during the year were:

	2025	2024
	£'000	£'000
Balance at the beginning of the year	**4,479**	3,438
Changes in amounts provided	**3,215**	2,264
Amounts used	**(1,800)**	(1,223)
Balance at the end of the year	**5,894**	4,479

The Group applies the simplified approach when measuring the expected credit loss for trade receivables, with a provision matrix used to determine a lifetime expected credit loss.

For this provision matrix, trade receivables are grouped into credit risk categories, with category 1 being the lowest risk and category 5 the highest. Risk scores are allocated to the customer's country of operation, their type (such as distributor, end user and OEM), their industry and the proportion of their debt that was past due at the year-end. These scores are then weighted to produce an overall risk score for the customer, with the lowest scores being allocated to category 1 and the highest scores to category 5. The matrix then applies an expected credit loss rate to each category, with this rate being determined by adjusting the Group's historic credit loss rates to reflect forward-looking information.

Where certain customers have been identified as having a significantly elevated credit risk these have been provided for on a specific basis. Both elements of expected credit loss are shown in the matrix below and have been shown separately so as not to distort the expected credit loss rate.

Year ended 30 June 2025	**Risk category 1 £'000**	**Risk category 2 £'000**	**Risk category 3 £'000**	**Risk category 4 £'000**	**Risk category 5 £'000**	**2025 Total £'000**
Gross trade receivables	**14,397**	**31,663**	**82,780**	**5,518**	**-**	**134,358**
Expected credit loss rate	**0.55%**	**0.61%**	**0.66%**	**0.71%**	**-**	**0.52%**
Expected credit loss allowance	**80**	**192**	**531**	**39**	**-**	**842**
Specific loss allowance	**-**	**-**	**4,730**	**322**	**-**	**5,052**
Total loss allowance	**80**	**192**	**5,261**	**361**	**-**	**5,894**
Net trade receivables	**14,317**	**31,471**	**77,519**	**5,157**	**-**	**128,464**

Year ended 30 June 2024	Risk category 1 £'000	Risk category 2 £'000	Risk category 3 £'000	Risk category 4 £'000	Risk category 5 £'000	2024 Total £'000
Gross trade receivables	14,215	38,781	84,049	1,508	-	138,553
Expected credit loss rate	0.46%	0.50%	0.54%	0.58%	-	0.52%
Expected credit loss allowance	65	193	447	9	-	714
Specific loss allowance	-	4	3,440	322	-	3,766
Total loss allowance	65	197	3,887	331	-	4,480
Net trade receivables	14,150	38,584	80,162	1,177	-	134,073

Finance lease receivables are subject to the same approach as noted above for trade receivables.

Derivative assets are assessed based on the credit risk of the banks counterparty to the forward contracts.

Other receivables include mostly prepayments and indirect tax receivables. Prepayment balances are reviewed at each reporting date to confirm that prepaid goods or services are still expected to be received, while tax balances are reviewed for recoverability.

Other receivables at the year end comprised:

	2025	2024
	£'000	£'000
Indirect tax receivable	**10,959**	7,206
Software maintenance	**10,181**	7,816
Grants	**885**	875
Research and development tax credit ('RDEC') recoverable	**1,224**	4,969
Contract assets	**1,509**	309
Other prepayments	**15,974**	12,901
Total other receivables	**40,732**	34,076

The maximum exposure to credit risk is £482.2m (2024: £416.7m), comprising the Group's trade, finance and other receivables, cash and cash equivalents and bank deposits, and derivative assets.

The maturities of non-current other receivables, being only derivatives, at the year end were:

	2025	2024
	£'000	£'000
Receivable between one and two years	**7,878**	1,387
Receivable between two and five years	**-**	-
	7,878	1,387

Liquidity risk

Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. We use monthly cash flow forecasts on a rolling 12-month basis to monitor cash requirements.

With Cash and cash equivalents and bank deposits at 30 June 2025 totalling £273.6m and £147.9m cash flows generated from operating activities in the period, the Group remains in a strong liquidity position.

In respect of Cash and cash equivalents and bank deposits, the carrying value is materially the same as fair value because of the short maturity of the bank deposits. Bank deposits are affected by interest rates that are either fixed or floating, which can change over time, affecting the Group's interest income. A decrease of 1% in interest rates would result in a reduction in interest income of approximately £2.5m.

The contractual maturities of financial liabilities at the year end were:

				Contractual cash flows		
Year ended 30 June 2025	**Carrying amount £'000**	**Effect of discounting £'000**	**Gross maturities £'000**	**Up to 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**
Trade payables	**25,943**	**-**	**25,943**	**25,943**	**-**	**-**
Other payables	**57,132**	**-**	**57,132**	**57,132**	**-**	**-**
Borrowings	**2,884**	**85**	**2,969**	**764**	**754**	**1,451**
Forward exchange contracts	**1,246**	**-**	**1,246**	**150**	**1,096**	**-**
	87,205	**85**	**87,290**	**83,989**	**1,850**	**1,451**

				Contractual cash flows		
Year ended 30 June 2024	Carrying amount £'000	Effect of discounting £'000	Gross maturities £'000	Up to 1 year £'000	1-2 years £'000	2-5 years £'000
Trade payables	21,330	-	21,330	21,330	-	-
Other payables	50,344	-	50,344	50,344	-	-
Borrowings	3,522	138	3,660	756	745	2,159
Forward exchange contracts	625	-	625	448	177	-
	75,821	138	75,959	72,878	922	2,159

Market risk

The Group operates in several foreign currencies with the majority of sales being made in these non-Sterling currencies, but with most manufacturing being undertaken in the UK, Ireland and India.

A large proportion of sales are made in US Dollar, Euro and Japanese Yen, therefore the Group enters into US Dollar, Euro and Japanese Yen derivative financial instruments to manage its exposure to foreign currency risk, including:

i. forward foreign currency exchange contracts to hedge a significant proportion of the Group's forecasted US Dollar, Euro and Japanese Yen revenues over the next 24 months; and
ii. one-month forward foreign currency exchange contracts to offset the gains/losses from exchange rate movements arising from foreign currency-denominated intragroup balances of the Company held in US Dollar, Euro, Japanese Yen and Canadian Dollar.

The amounts of foreign currencies relating to these forward contracts and options are, in Sterling terms:

	2025		2024	
	Nominal value £'000	**Fair value £'000**	Nominal value £'000	Fair value £'000
US Dollar	**299,987**	**18,954**	332,679	7,388
Euro	**146,500**	**613**	173,089	4,661
Japanese Yen	**21,947**	**1,354**	15,581	2,260
Canadian Dollar	**5,133**	**56**	-	-
	473,567	**20,977**	521,349	14,309

The following are the exchange rates which have been applicable during the financial year:

	2025			2024		
Currency	**Average forward contract rate**	**Year end exchange rate**	**Average exchange rate**	Average forward contract rate	Year end exchange rate	Average exchange rate
US Dollar	**1.28**	**1.37**	**1.30**	1.25	1.27	1.26
Euro	**1.14**	**1.17**	**1.19**	1.13	1.18	1.17
Japanese Yen	**178**	**198**	**193**	140	203	189
Canadian Dollar	**1.85**	**1.87**	**1.82**	-	-	-

Hedging

In relation to the forward currency contracts in a designated cash flow hedge, the hedged item is a layer component of forecast sales transactions. Forecast transactions are deemed highly probable to occur and Group policy is to hedge around 75% of net foreign currency exposure for USD, EUR and JPY. The hedged item creates an exposure to receive USD, EUR or JPY, while the forward contract is to sell USD, EUR or JPY and buy GBP. Therefore, there is a strong economic relationship between the hedging instrument and the hedged item. The hedge ratio is 100%, such that, by way of example, £10m nominal value of forward currency contracts are used to hedge £10m of forecast sales. Fair value gains or losses on the forward currency contracts are offset by foreign currency gain or losses on the translation of USD, EUR and JPY based sales revenue, relative to the forward rate at the date the forward contracts were arranged. Foreign currency exposures in HKD and USD are aggregated and only USD forward currency contracts are used to hedge these currency exposures. Sources of hedge ineffectiveness according to IFRS 9 Financial Instruments include:

– changes in timing of the hedged item;
– reduction in the amount of the hedged sales considered to be highly probable;
– a change in the credit risk of Renishaw or the bank counterparty to the forward contract; and
– differences in assumptions used in calculating fair value.

No contracts have become ineffective during the period. A decrease of 10% in the highly probable forecasts would result in no ineffective contracts.

For both the Group and the Company, the following table details the fair value of these forward foreign currency derivatives according to the categorisations of instruments noted previously:

	2025		2024	
	Nominal value £'000	**Fair value £'000**	Nominal value £'000	Fair value £'000
Forward currency contracts in a designated cash flow hedge (i)				
Non-current derivative assets	**137,417**	**7,878**	140,109	1,387
Current derivative assets	**218,870**	**13,606**	245,577	13,338
Current derivative liabilities	**19,339**	**(37)**	790	-
Non-current derivative liabilities	**33,559**	**(1,096)**	54,852	(177)
	409,185	**20,351**	441,328	14,548

Amounts recognised in the Consolidated statement of comprehensive income and expense	**-**	**5,804**	-	5,812
Forward currency contracts not in a designated cash flow hedge (ii)				
Current derivative assets	**56,873**	**739**	17,614	209
Current derivative liabilities	**7,509**	**(113)**	62,407	(448)
	64,382	**626**	80,021	(239)
Amounts recognised in Financial income/(expense) in the Consolidated income statement	-	**3,360**	-	318
Total forward contracts and options				
Non-current derivative assets	**137,417**	**7,878**	140,109	1,387
Current derivative assets	**275,743**	**14,345**	263,191	13,547
Current derivative liabilities	**26,848**	**(150)**	63,197	(448)
Non-current derivative liabilities	**33,559**	**(1,096)**	54,852	(177)
	473,567	**20,977**	521,349	14,309

The total recognised in Revenue in the Consolidated income statement relating to cash flow hedges previously recognised through Other comprehensive income amounted to £19.2m gain (2024: £0.1m gain).

For the Group's foreign currency forward contracts at the balance sheet date, if Sterling appreciated by 5% against the US Dollar, Euro, Japanese Yen and Canadian Dollar, this would increase pre-tax equity by £19.2m and increase profit before tax by £3.1m, while a depreciation of 5% would decrease pre-tax equity by £21.3m and decrease profit before tax by £3.4m.

26. Share capital and reserves

The Group defines capital as being the equity attributable to the owners of the Company, which is captioned on the Consolidated balance sheet. The Board's policy is to maintain a strong capital base, ensuring the security of the Group, and to maintain a balance between returns to shareholders, with a progressive dividend policy. This note presents figures relating to this capital management, along with an analysis of all elements of Equity attributable to shareholders and non-controlling interests.

Share capital

	2025	2024
	£'000	£'000
Allotted, called-up and fully paid 72,788,543 ordinary shares of 20p each	**14,558**	14,558

The ordinary shares are the only class of share in the Company. Holders of ordinary shares are entitled to vote at general meetings of the Company and receive dividends as declared. The Articles of Association of the Company do not contain any restrictions on the transfer of shares nor on voting rights.

Dividends paid

Dividends paid comprised:

	2025	2024
	£'000	£'000
FY2024 final dividend paid of 59.4p per share (2023: 59.4p)	**43,205**	43,195
Interim dividend paid of 16.8p per share (2024: 16.8p)	**12,219**	12,217
Total dividends paid	**55,424**	55,412

A final dividend of 61.3p per share is proposed in respect of FY2025, which will be payable on 5 December 2025 to shareholders on the register on 31 October 2025.

Own shares held

The EBT is responsible for purchasing shares on the open market on behalf of the Company to satisfy the DAEIP awards, see Note 24 for further detail. Own shares held are recognised as an element in equity until they are transferred at the end of the vesting period.

Movements during the year were:

	2025 £'000	2024 £'000
Balance at the beginning of the year	**(2,963)**	(2,963)
Acquisition of own shares	**(154)**	-
Disposal of own shares on vesting of awards	**977**	-
Balance at the end of the year	**(2,140)**	(2,963)

In November 2022, 54,582 shares were purchased on the open market by the EBT at a price of £40.24, costing a total of £2,212,831. The fair value of these awards at the grant date, being 26 October 2022, was £1,915,000. A total of 5,082 vested early in FY2025, based on the performance conditions being met. The remaining shares will vest on 26 October 2025, with no forfeitures expected at 30 June 2025.

In December 2024, 4,902 shares were purchased on the open market by the EBT at a price of £31.40, costing a total of £153,923. The fair value of the awards at the grant date, being 23 October 2024, was £162,177. A total of 656 vested early in FY2025, based on the performance conditions being met. The remaining shares will vest on 23 October 2027, with no forfeitures expected at 30 June 2025.

Other reserve

The other reserve relates to share-based payments charges according to IFRS 2 in relation to the DAEIP, along with historical amounts relating to investments in subsidiary undertakings not eliminated on consolidation.

Movements during the year were:

	2025 £'000	2024 £'000
Balance at the beginning of the year	**1,380**	497
Disposal of own shares on vesting of awards	**(977)**	-
Share-based payments charge in respect of shares vesting in 2024	**80**	245
Share-based payments charge in respect of shares vesting in 2025	**656**	638
Share-based payments charge in respect of shares vesting in 2027	**54**	-
Balance at the end of the year	**1,193**	1,380

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the overseas operations and currency movements on intragroup loan balances classified as net investments in overseas operations.

Movements during the year were:	2025 £'000	2024 £'000
Balance at the beginning of the year	**2,480**	6,772
Loss on net assets of foreign currency operations	**(6,295)**	(3,811)
Loss on intragroup loans classified as net investments in foreign operations	**-**	(227)
Tax on translation of net investments in foreign operations	**-**	57
Loss in the year relating to subsidiaries	**(6,295)**	(3,981)
Currency exchange differences relating to joint ventures	**169**	(311)
Balance at the end of the year	**(3,646)**	2,480

Cash flow hedging reserve

The cash flow hedging reserve, for both the Group and the Company, comprises all foreign exchange differences arising from the valuation of forward exchange contracts which are effective hedges and mature after the year end. These are valued on a mark-to-market basis, are accounted for in Other comprehensive income and expense and accumulated in Equity, and are recycled through the Consolidated income statement and Company income statement when the hedged item affects the income statement, or when the hedging relationship ceases to be effective. See Note 25 for further detail.

Movements during the year were:

	2025 £'000	2024 £'000
Balance at the beginning of the year	**10,911**	6,552
Losses on contract maturity recognised in revenue during the year	**19,176**	133
Revaluations during the year	**(13,372)**	5,679
Deferred tax movement	**(1,451)**	(1,453)
Balance at the end of the year	**15,264**	10,911

Non-controlling interest

Movements during the year were:

	2025 £'000	2024 £'000
Balance at the beginning of the year	**(577)**	(577)
Share of profit for the year	**-**	-
Balance at the end of the year	**(577)**	(577)

The non-controlling interest represents the minority shareholdings in Renishaw Diagnostics Limited – 7.6%.

27. Capital commitments

At the end of a financial year, we typically have obligations to make payments in the future, for which no provision is made in the financial statements. We have committed to renovating and expanding our warehousing operation in Germany, which includes expenditure on sustainability initiatives.

Authorised and committed capital expenditure at the end of the year were:

	2025 £'000	2024 £'000
Freehold land and buildings	**13,856**	26,199
Plant and equipment	**6,411**	16,206
Motor vehicles	**129**	135
Total committed capital expenditure	**20,396**	42,540

28. Related parties

We report transactions with related parties, which mostly comprise our joint venture companies, RLS and MSP.

Joint ventures and other related parties had the following transactions and balances with the Group:

	2025 £'000	2024 £'000
Purchased goods and services from the Group during the year	**219**	250
Sold goods and services to the Group during the year	**22,794**	23,026
Interest paid from the Group during the year	**371**	55
Paid dividends to the Group during the year	**1,500**	498
Amounts owed to the Group at the year end	**223**	243
Amounts owed by the Group at the year end	**17,462**	11,422

Amounts owed by the Group include a 14-day notice deposit agreement with RLS for EUR 17.0m (£14.5m equivalent) (FY2024: £8.5m), see Note 13 for further details. The total interest payable on amounts owed to joint ventures during the year was £371,000 (FY2024: £55,000). There were no bad debts relating to related parties written off during FY2025 or FY2024.

Sold goods and services to the Group during the year include an operating lease arrangement with McMurtry Automotive Limited for a property owned by the Group. The operating lease commenced on 1 April 2025 and has a 10-year term. The rental income is £187,500 per annum. The property has been reclassified to investment property in the Consolidated balance sheet, with the rental income and direct operating expenses recognised in Consolidated income statement. At 30 June 2025, rental income of £46,875 has been recognised, with no amounts owed to the Group.

By virtue of a longstanding voting agreement, the estate of the late Sir David McMurtry (Non-executive Director, 36.23% shareholding), and John Deer (Non-executive Deputy Chairman, together with his wife, 16.59%), are the ultimate controlling party of the Group. The only significant transactions between the Group and these parties are in relation to their respective remuneration, as detailed in the Governance Report of the Annual Report.

29. Alternative performance measures

In accordance with Renishaw's alternative performance measures (APMs) policy and ESMA Guidelines on Alternative Performance Measures (2015), this section defines non-IFRS measures that we believe give readers additional useful and comparable views of our underlying performance.

Key judgement – Whether items are appropriate to exclude from adjusted measures

Our APM policy allows us to adjust for 'infrequently occurring events that can significantly affect profit and earnings'. This year, we've had to carefully consider the nature and intention of some events and transactions, to determine whether they should be 'adjusted for'.

We continue to report Revenue at constant exchange rates, Adjusted profit before tax, Adjusted earnings per share, Adjusted operating profit (including by segment), Adjusted operating profit at constant exchange rates, Adjusted cash flow conversion from operating activities, and Return on invested capital as APMs. These are calculated consistently with previous years. Aside from Revenue at constant exchange rates, all other APMs exclude infrequently occurring events which impact our financial statements, recognised according to applicable IFRS, that we believe should be excluded from these APMs to give readers additional useful and comparable views of our underlying performance.

Revenue at constant exchange rates is defined as revenue recalculated using the same rates as were applicable to the previous year and excluding forward contract gains and losses.

Revenue at constant exchange rates:	**2025 £'000**	2024 £'000
Statutory revenue as reported	**713,044**	691,301
Adjustment for forward contract (gains)/losses	**(19,176)**	(133)
Adjustment to restate current year at previous year exchange rates	**23,119**	-
Revenue at constant exchange rates	**716,987**	691,168
Year-on-year revenue growth at constant exchange rates	**3.7%**	-

Year-on-year revenue growth at constant exchange rates for FY2024 was 3.7%.

Adjusted profit before tax, Adjusted profit after tax, Adjusted earnings per share and Adjusted operating profit are defined as the profit before tax, earnings per share and operating profit after excluding:

– costs relating to the closure of the drug delivery business (a);
– costs relating to the closure of the Edinburgh research facility (b);
– costs relating to the Other interest payable related to liabilities recognised for historical and non-recurring tax matters (c); and
– costs related to the Taxation prior year adjustment related to historical and non-recurring tax matters (c).

a) Restructuring costs, where applicable during the year, are excluded from adjusted measures on the basis that they do not frequently recur. During FY2025, the Group made the decision to close the drug delivery business, which has resulted in costs of £2,059,000. The amount comprises redundancy payments of £1,108,000, intangible asset impairment of £864,000 and other expenses of £87,000. These amounts are recognised within Cost of sales, in Gross engineering expenditure, within the Consolidated income statement.

b) Restructuring costs, where applicable during the year, are excluded from adjusted measures on the basis that they do not frequently recur. During FY2025, the Group made the decision to close the Edinburgh research facility, which has resulted in costs of £2,320,000. The amount comprises redundancy payments of £1,066,000, Property, plant and equipment impairment of £759,000 and Other payables of £495,000. These amounts are recognised within Cost of sales, in Gross engineering expenditure, within the Consolidated income statement.

c) There may be other items which do not frequently occur, for which it may be appropriate to exclude from adjusted measures. During FY2025, the Group recognised an interest charge of £4,852,000 and a Taxation charge of £9,154,000 relating to historical and non-recurring tax matters. The tax matters relate to specific legacy arrangements which we would not expect to recur. Applicable accounting standards require a full provision for tax and the associate interest, however, we continue to seek resolution to these matters which would reduce these amounts. As the historical and non-recurring tax matters do not relate to current year trading performance, the amounts have been excluded from adjusted measures.

The amounts have been recognised in Financial expenses and Income tax expense within the Consolidated income statement respectively.

Adjusted profit before tax:	2025 £'000	2024 £'000
Statutory profit before tax	**118,000**	122,594
Closure of drug delivery business	**2,059**	-
Closure of the Edinburgh research facility	**2,320**	-
Other interest payable on historical and non-recurring tax matters	**4,852**	-
Adjusted profit before tax	**127,231**	122,594

Adjusted earnings per share:	2025 pence	2024 pence
Statutory earnings per share	**115.2**	133.2
Closure of drug delivery business (net of tax)	**2.1**	-
Closure of the Edinburgh research facility (net of tax)	**2.4**	-
Other interest payable on historical and non-recurring tax matters (net of tax)	**5.5**	-
Taxation prior year adjustments	**12.6**	-
Adjusted earnings per share	**137.8**	133.2

Adjusted operating profit:	2025 £'000	2024 £'000
Statutory operating profit	**107,885**	108,667
Closure of drug delivery business	**2,059**	-
Closure of the Edinburgh research facility	**2,320**	-
Other interest payable on historical and non-recurring tax matters	**-**	-
Adjusted operating profit	**112,264**	108,667

Adjustments to the segmental operating profit:

Manufacturing technologies	2025 £'000	2024 £'000
Operating profit	**107,593**	103,181
Closure of Edinburgh research facility	**2,320**	-
Adjusted manufacturing technologies operating profit	**109,913**	103,181

Analytical instruments and medical devices	2025 £'000	2024 £'000
Operating profit	**292**	5,486
Closure of drug delivery business	**2,059**	-
Adjusted analytical instruments and medical devices operating profit	**2,351**	5,486

Adjusted operating profit at constant exchange rates is defined as Adjusted operating profit recalculated using the same rates as applied to the previous year and excluding forward contract gains and losses.

Adjustments to operating profit at constant exchange rates:	2025 £'000	2024 £'000
Adjusted operating profit	**112,264**	108,667
Adjustment for forward contract (gains)/losses	**(19,176)**	(133)
Adjustment to restate current year at previous year exchange rates	**16,784**	-
Adjusted operating profit at constat exchange rates	**109,872**	108,534
Year-on-year adjusted operating profit increase at constant exchange rates	**1.2%**	-

Year-on-year adjusted operating profit at constant exchange rates was a reduction for FY2024 of 8.8%.

Adjusted cash flow conversion from operating activities is calculated as Adjusted cash flow from operating activities as a proportion of Adjusted operating profit. This is useful for the Board to measure how efficient we are at converting operating profit into cash.

Adjusted cash flow conversion from operating activities:	**2025 £'000**	2024 £'000
Cash flows from operating activities	**147,896**	124,079
Income taxes paid	**6,207**	21,752
Purchase of property, plant and equipment and intangible assets	**(56,558)**	(74,774)
Proceeds from sale of property, plant and equipment and intangible assets	**4,887**	4,475
Adjusted cash flow from operating activities	**102,432**	75,532
Adjusted cash flow conversion from operating activities	**91.2%**	69.5%

Return on invested capital is the Adjusted profit after tax before bank interest receivable as a percentage of the Average invested capital in the year. This is useful for the Board to measure our efficiency in allocating capital to profitable activities.

Adjusted profit after tax before bank interest receivable is calculated as follows:

	2025 £'000	2024 £'000
Statutory profit after tax	**83,757**	96,889
Closure of drug delivery business (net of tax)	**1,544**	-
Closure of the Edinburgh research facility (net of tax)	**1,740**	-
Other interest payable on historical and non-recurring tax matters (net of tax)	**4,026**	-
Prior year adjustment taxation charge on historical and non-recurring tax matters	**9,154**	-
Adjusted profit after tax	**100,221**	96,889
Bank interest receivable (net of tax)	**(8,805)**	(6,832)
Adjusted profit after tax before bank interest received	**91,416**	90,057

Return on invested capital (ROIC):	**2025 £'000**	2024 £'000	2023 £'000
Total non-current assets	**506,926**	464,765	470,430
Total current assets	**628,300**	586,618	573,107
Total current liabilities	**(137,461)**	(100,948)	(102,320)
Less cash and cash equivalents	**(87,420)**	(122,293)	(81,388)
Less bank deposits	**(186,226)**	(95,542)	(125,000)
Invested capital	**724,118**	732,600	734,829
Average invested capital	**728,359**	733,715	670,869
Return on invested capital	**12.6%**	12.3%	16.1%

Average invested capital in the year is the average of the invested capital at the beginning of the year and at the end of the year.

30. Events after the reporting period

Key judgement – When termination benefits should be recognised

Determining when termination benefits should be recognised requires judgement as there are different recognition points.

A cost reduction programme was initiated in June 2025, which aims to achieve annualised labour cost savings of £20m through a voluntary and compulsory redundancy programme. The cost of the voluntary redundancy programme will be recognised in FY2026 as the employee has the right to withdraw from the voluntary redundancy programme until the 'notice of redundancy' was signed by the employee. The compulsory redundancy will be recognised in FY2026 as there was no constructive obligation at the balance sheet date, as all communication took place after the balance sheet date.

The total estimated cost of the voluntary and compulsory redundancy programme is estimated to be £16.0m.

Cautionary statement

This document contains statements about Renishaw plc that are or may be forward-looking statements.

These forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Renishaw plc. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person to be materially different from any results, performance or achievements expressed or implied by such statements. They are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributable to Renishaw plc or any of its shareholders or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included in this document speak only as of the date they were made and are based on information then available to Renishaw plc. Investors should not place undue reliance on such forward-looking statements, and Renishaw plc does not undertake any obligation to update publicly or revise any forward-looking statements.

No representation or warranty, express or implied, is given regarding the accuracy of the information or opinions contained in this document and no liability is accepted by Renishaw plc or any of its directors, members, officers, employees, agents or advisers for any such information or opinions.

This information is being supplied to you for information purposes only and not for any other purpose. This document and the information contained in it does not constitute or form any part of an offer of, or invitation or inducement to apply for, securities.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of laws of any such other jurisdiction.

Registered office:
Renishaw plc
New Mills
Wotton-under-Edge
Gloucestershire
GL12 8JR
UK

Registered number: 01106260
LEI number: 21380048ADXM6Z67CT18

Telephone: +44 1453 524524
Email: communications@renishaw.com
Website: www.renishaw.com