

**RENOLD**  
*Engineered for growth*



**Renold plc Annual Report and Accounts**  
for the year ended 31 March 2025

# RENOLD

Lifting, moving, rotating, conveying – driving sustainable value

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The cover image shows one of our apron conveyors with outboard rollers that is designed and manufactured in our Morristown facility in Tennessee, USA. The chain shown is used to convey relatively dense material upwards, such as flour or carbon powder. Outboard rollers ensure smooth running on guides, with the pans conveying the product on inclines upwards.

## What we do

Renold is an international engineering group, specialising in the manufacture of premium, high specification, industrial chain and torque transmission products, that facilitate others to achieve complex operational needs more reliably and with lower total cost of ownership. Our products, whilst critical, are a small part of the total cost of the environment in which they operate. Renold is a leader in the global chain market with a very strong brand, less than 10% market share, an international manufacturing and commercial footprint, with no dependency on any geography, customer, product or application.

## Our strategy

Renold has developed a strategy that concentrates on both business growth and continued business improvement. Organic growth is achieved by focussing on customer service and the development of superior, sustainable, highly engineered products, which technically stretch the market, and is supplemented through acquisitive growth that is aimed at both geographic and product infill, while allowing significant operational and production synergies to be achieved. Continual business improvement involves the standardisation of products, components, processes and technology, removal of operational complexity and improvement of operational efficiency.

## Our ESG goals and approach

Renold has adopted a pragmatic approach to sustainability and environmental, social and governance (ESG) matters. Our Sustainability Model illustrates how ESG is embedded within a larger Sustainability Framework. This has been widely communicated throughout the business.

## Our values



Operate with integrity



Value our people



Work together to achieve excellence



Accept accountability

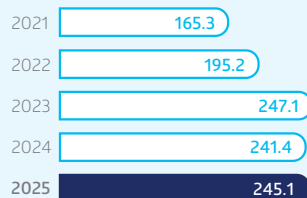


Be open minded

## Highlights

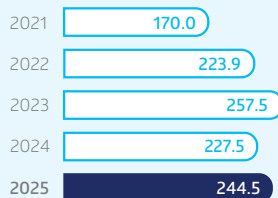
### £245.1m

Revenue reported



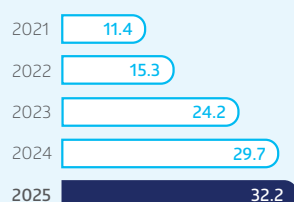
### £244.5m

Order intake



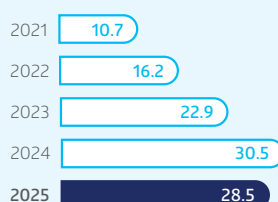
### £32.2m

Adjusted operating profit<sup>1</sup>



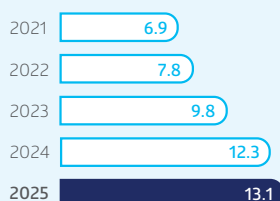
### £28.5m

Statutory operating profit



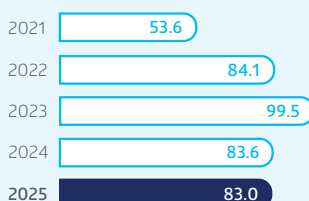
### 13.1%

Return on sales<sup>1</sup>



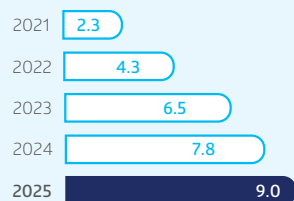
### £83.0m

Order book



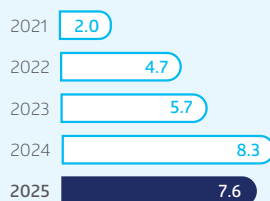
### 9.0p

Adjusted earnings per share<sup>1</sup>



### 7.6p

Basic earnings per share



## Operational highlights

- The Group delivered record adjusted results, with both Chain and TT divisions performing strongly, despite continued market uncertainty.
- Constant currency order intake of £250.1m (FY24: £227.5m), increased 9.9%, 7.5% when currency headwinds are taken into account.
- Closing order book at £83.0m (FY24: £83.6m) remains strong.
- Acquisition of Mac Chain in September 2024, for US\$30.9m, increases the Group's access to the Western US and Canadian markets, while also increasing the Group's share of the forestry chain market. The integration process is progressing to plan.
- Increased capital investment of £16.4m (FY24: £9.0m) during the year has improved the efficiency, productivity and capability of the Group's manufacturing locations and includes the purchase of the Cardiff property and the Valencia rebuild.
- In October 2024, the Group manufacturing facility in Valencia was impacted by a major flood; rebuilding work is progressing well, with customer service levels fully recovered.

[www.renold.com](http://www.renold.com) Stock code: RNO

## Chain

### £32.1m

Adjusted operating profit<sup>1</sup>

### 16.4%

Return on sales<sup>1</sup>

### 1,543

Employees at 31 March 2025

We are a global market-leading supplier of chain for many applications, including heavy duty, high precision, indoor or outdoor, high or low temperature and in clean or contaminated environments.

We have manufacturing sites across the world, including in the USA, Germany, Canada, India, China, Malaysia, Spain and Australia in addition to local service capabilities in a number of other markets. We operate at the leading edge of technology, with innovative products designed to meet customers' exacting standards.

## Torque Transmission

### £10.4m

Adjusted operating profit<sup>1</sup>

### 19.0%

Return on sales<sup>1</sup>

### 273

Employees at 31 March 2025

We are a global manufacturer and developer of industrial coupling and gearbox solutions, from fluid couplings to rubber-in-compression and rubber-in-shear couplings, and a complete range of worm gears, helical and bevel helical worm drives.

We also manufacture custom gear spindles and gear couplings for the primary metals industry. We have manufacturing sites in the USA and the UK.

<sup>1</sup> Adjusted: In addition to statutory reporting, the Group reports certain financial metrics on an adjusted basis. Definitions of adjusted measures and information about the differences to statutory metrics are provided in alternative performance measures on page 132 of the financial statements.

# Our investment case

The Renold investment case is underpinned by its market and product positioning, which create the foundations from which the strategic plan is built. Strong progress has been made, delivering improved operational efficiency, improved customer service and increased adjusted operating margins. With significant investment already in place, the Group is well positioned to maximise the benefit of recovering markets.

1

## Valued brand

With almost 150 years of history within its sectors, Renold is amongst the world's leading industrial brands, providing premium products and engineered solutions that customers trust. Our products are specified by a significant number of OEMs and customers frequently ask for our products by name.

➤ [Read more about our products and their applications on pages 04 to 05](#)

3

## Positioned for growth

Renold is an international market-leading supplier of industrial chain and torque transmission products manufactured across the world in our factories, which form our unique operational footprint. We are the second largest industrial chain company in the world with less than 10% market share in a highly fragmented market.

Our unique position gives us room to grow and increase market share, aided by the fact that we have no substantial dependency on any one geography, customer, market, product or application.

We are constantly assessing market trends and use our engineering and managerial expertise along with product development to ensure that we can benefit from the ever changing requirements and increasing demands that our customers put on us.

➤ [Read more about our STEP2 strategic plan on pages 08 to 09](#)

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## Sustainable products

We are working towards becoming a more sustainable business. We have developed our sustainability strategy and explored how we can measure and improve in this area, constantly trying to reduce our impact on the environment and enhancing our social contribution. We are particularly proud of our excellent products that are engineered to market-leading standards and specifications, enabling our customers to meet their own environmental improvement objectives. Our products deliver:

- Longer life – giving reduced material and energy used in manufacture
- Lower or no lubrication requirement – reduced contamination opportunity, lower cost to run
- Greater efficiency – reduced energy requirements when in use

The consistent and reliable performance of our class-leading products for over a century has demonstrated to customers the value proposition we offer.

➤ [Read more about sustainability on pages 26 to 32](#)

2

## Strong financial record

Renold has demonstrated a strong and improving financial track record. Our adjusted operating profit is £32.2m, up 8.4% year on year, while our cash generation remains one of the strongest within our sector. Statutory operating profit remains robust.

➤ [Read more about our performance in the Chief Executive's review on pages 11 to 16](#)

4

## Diverse portfolio

Renold operates across a wide range of geographies, market sectors and applications with a broad spread of products and customers. Renold products are used in a vast range of applications and market sectors and supply both capital goods, capital projects and maintenance and repair sectors. We have no real dependency on any single customer, with our largest customer, a distributor, representing c6.1% of Group turnover.

Our market position creates resilience in the business and gives us many opportunities for growth and development.

➤ [Read more about our market model on page 10](#)

6

## Global reach

Renold manufactures in nine countries worldwide and operates in a further ten countries. This international reach allows us to shorten supply chains, and provide a choice of supply options for the customer and enhanced responsiveness and flexibility to deal with customer requirements. Our wide international manufacturing footprint provides us and our customers options in a world of increasing geopolitical and supply chain challenges.

➤ [Read more about our global footprint on page 03](#)

# Global footprint

## Global presence, local service

Renold benefits from its presence in a wide spread of geographic markets and even wider range of diverse end-users and applications across a myriad of industrial sectors.

Our global manufacturing footprint not only enables the business to control product specification and quality to local market requirements, but positions us well to service customers with a rapid response in both our traditional geographic territories and emerging markets. For example, our facilities in India, China and Malaysia combine to offer an excellent platform for growth in Asia while also supporting established markets in Europe, the Americas and Australasia.

Our expanding international sales and distribution network is designed to offer local commercial and engineering support with rapid delivery, ensuring that we meet our customers' exacting requirements. It also enables us to be an aggregator of local demands, driving economies of scale within our factories. While engineering and product development is coordinated globally, local support teams ensure that we are able to rapidly understand and provide solutions for customers' often technically challenging power transmission and conveying applications.



### Map key:

- Manufacturing and sales company
- Sales and/or distribution location

### Americas

**44%**  
of global sales

Renold Jeffrey and Renold Ajax have been well-known participants in the North American markets for many years.

Renold Jeffrey manufactures conveyor (engineering) chain and large pitch roller chain, and sells transmission and leaf chain sourced from elsewhere in the Group.

Renold Ajax focusses on manufacturing gear spindles, gear couplings and other Hi-Tec coupling products whilst also selling TT products from elsewhere in the Group.

### Europe

**35%**  
of global sales

Renold manufactures transmission, tooth and conveyor chain from our two manufacturing locations in Germany and our recently acquired facility in Valencia, Spain. European transmission and tooth chain is sold through Renold businesses across Europe as well as all over the world. In Europe itself, these sales are supported by our UK Service Centre, European distribution centres and national sales centres.

Renold Torque Transmission operates two plants in the UK, exporting a range of gear and coupling products globally.

### High Growth Economies

**9%**  
of global sales

Our Chinese chain plant primarily serves sister companies with a range of transmission chains and has a smaller, but developing, local business.

Our Indian business manufactures a broad range of transmission and conveyor chain, with 82% of output destined for the local market. Our distribution centre in central India provides further opportunity for growth through improving rapid response times.

### Asia Pacific

**12%**  
of global sales

We operate manufacturing plants in Australia and Malaysia. These are supplemented by additional sales centres in New Zealand, Indonesia and Thailand.

We operate our own distribution networks in Australia and Malaysia, through which we sell a wide range of chain and torque transmission products.

# Our products and their applications

Renold is an international group delivering high precision engineered power transmission products and solutions to our customers worldwide.

## Chain

Renold excels in the specification, design and manufacture of chains to transmit power, move or lift product. Our chains are used in industries as varied as aerospace, energy, construction, food and drink, logistics and much more.



Lifting chain



Conveyor chain



Sovereign transmission chain

## Product variety

The variety of applications, markets and sectors that Renold produces chains for cannot be overstated. Our products are used in many unexpected places such as industrial laundries, automated car parks, hospital beds and greenhouse window actuators. Service sector applications such as amusement park rides, logistics and sortation applications sit alongside more traditional general industrial uses. Our products are known particularly for being able to operate in difficult environments be they abrasive, hot, cold, where lubrication is difficult, where easy cleaning is required and many others.

### Characteristics of Renold chains

What are the benefits of using Renold chains?

#### ○ Durability (length in service)

Renold chains have low initial wear as well as low wear over time, compared to lower specification brands. Our high-quality chains have a lifespan that can be many times longer than alternatives. Our chains are highly differentiated, high performance and high quality, made to offer the customer ultimate performance.

#### ○ High accuracy

Renold chain is manufactured to exacting tolerances achieved through decades of manufacturing experience and fundamental engineering development.

#### ○ Reliability

We deliver consistent, high performance products, giving customers the reassurance they need every time.

#### ○ Low maintenance

Renold offers a wide portfolio of low to no maintenance products. Renold Syno™ is recognised as the best low maintenance chain whilst Renold Sovereign is now sold into applications with high loads but without requiring lubrication.

### Why is it so difficult to make?

- Components accurate to less than 1/4 of a hair's width
- Consistency within eleven chain manufacturing sites
- 2.3 billion chain components made annually
- 22,000 different chain products sold

### Sectors that use Renold chains



Automated warehousing



Theme parks



Food production

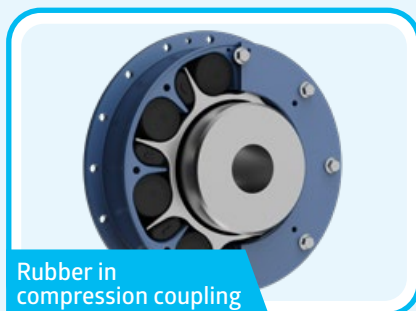


Car production

➤ [Read more about the performance of our Chain division on page 12](#)

## Torque Transmission

Our torque transmission products transfer rotational movement. Couplings or gear spindles transmit torque in line from one rotating shaft to another, protecting critical components, often dampening vibration and allowing for shaft misalignment. Gears, on the other hand, allow the torque to be transmitted from rotating shafts in line or at right angles, while also allowing a change in speed.



## Product variety

Renold manufactures a wide, complementary range of torque transmission products. Renold provides an industry leading range of couplings with solutions from ~0.4Nm to ~5,000,000Nm, a complete range of gearing solutions including: worm gears, bevel and helical drives, a broad range of shakers and vibratory equipment for material handling and a wide range of spindles.

### Characteristics of Renold torque transmission products

What are the benefits of using Renold torque transmission products?

- **Product specific benefits**

Many of our couplings have unique selling points that make them "must haves" for customer applications, including failsafe operation, maintenance free and anti-vibration characteristics.

- **Unrivalled performance**

With over 100 years of engineering and manufacturing experience, our products provide unrivalled performance. Renold products provide our customers with complete peace of mind.

- **Industry leading lead times**

With in country inventory of finished parts and excellent system integration between planning and customer service departments, Renold can get its products where they need to be, when they need to be there.

- **Engineered solutions**

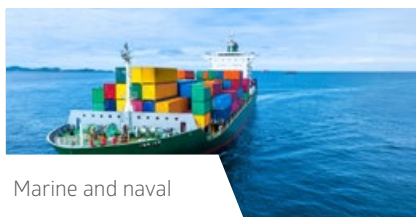
With engineering expertise in every department from sales to design through to production and quality, Renold can provide the perfect solution, whatever the application.

### Why is it so difficult to make?

Torque production requires:

- Accuracy
- Repeatability
- Consistency
- Reliability

### Sectors that use Renold torque transmission



➤ [Read more about the performance of our Torque Transmission division on page 14](#)

# Chair's statement

I am pleased to report that FY25 was another record year for Renold in which we delivered further improvements over what was an excellent financial performance in the prior financial year, while completing a bolt-on acquisition in the Pacific Northwest of North America, which strengthens our position both regionally and particularly in the North American forestry market.

In October 2024, our production facility in Valencia was impacted by a significant multi-generational flooding event. I am grateful that none of our employees were injured during the flood, and I have been impressed by both the resilience of the workforce and their tireless efforts to bring the facility back into full production during the second half of the year. I also continue to be impressed by the engagement, flexibility and adaptability of our teams across the world, who have delivered an outstanding result despite the various geopolitical challenges affecting the business world.

## Strategic developments

During the year, the Renold strategic change programmes across the Group once again delivered meaningful benefits, particularly in standardising and simplifying the business.

The completion of several major strategic restructuring initiatives in prior years, together with strong free cash generation and a solid balance sheet, puts the Group in an excellent position to capitalise on accretive acquisitions that augment our existing market position. This will allow us to accelerate growth in revenue of our existing products, in adjacent sectors and by entry into financially attractive under-represented applications and geographies. Most importantly, the Group will also benefit from significant production synergies by integrating acquired businesses.

The continuing review of our capabilities throughout the Group is identifying opportunities for the upgrade and development of existing manufacturing processes across our international locations to create higher specification, higher performance products. This review will also facilitate standardisation across more product lines which, in turn, will enable us to benefit more comprehensively from our geographic footprint and economies of scale. In addition, flexibility between manufacturing locations will support increasing customer expectations for supply chain diversification, for risk mitigation and a changing tariff environment, improving even further our value proposition.

## Sustainability

During the year, the Group continued to develop its strategy for long-term sustainability, including projects aiming to reduce energy consumption, raw material waste, packaging use and carbon dioxide emissions, whereby Renold is ensuring sustainability is one of its guiding principles. Renold is focussed on making a difference through real actions which, over a period of time, aim to deliver discernible benefits for the environment, our customers and the business.

## Offer from MPE Bid Co ("MPE")

On 13 June 2025, MPE announced a firm intention to make an offer to acquire the entire issued share capital of Renold, at a price of 82 pence per share, which has been recommended by the Board (the "MPE Offer"). As at 9 July 2025, the MPE Offer remains subject to a number of conditions, including approval by the Company's shareholders and consequently there can be no certainty that a transaction will complete. Should the MPE Offer be successful, the transaction is expected to complete during FY26.

## Dividend

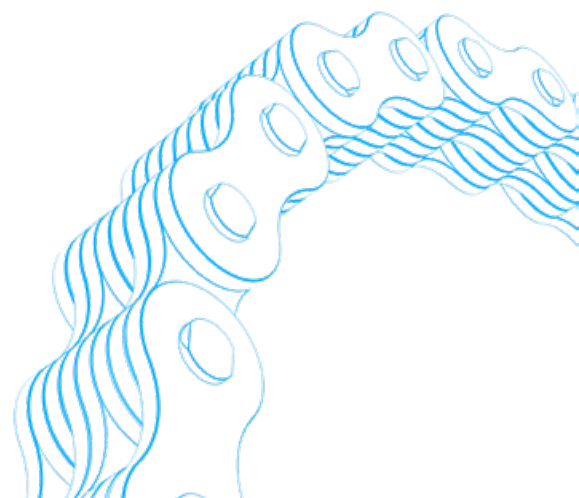
In light of the MPE Offer, announced on 13 June 2025, the Board has decided not to declare a final dividend for the year ended 31 March 2025 ("FY25"), as MPE has reserved the right to decrease the price per Renold share payable in respect of the Acquisition for any dividend declared, made, paid or that becomes payable by Renold on or prior to the effective date of the Acquisition.

## Summary

The Group has performed admirably in the face of continued economic and geopolitical uncertainty. The strong and improving trading and financial performance of the Group, particularly a higher adjusted operating margin and increased cash flow generation, is providing greater flexibility to exploit future organic and acquisition-related growth opportunities. I would like to thank all our employees around the world, especially those in Valencia, for their diligence and commitment, who have been key to delivering the strong results for the Group.

**DAVID LANDLESS**  
CHAIR

8 July 2025



# Strategic report

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## Case study

## Naval warships



### What is it used for?

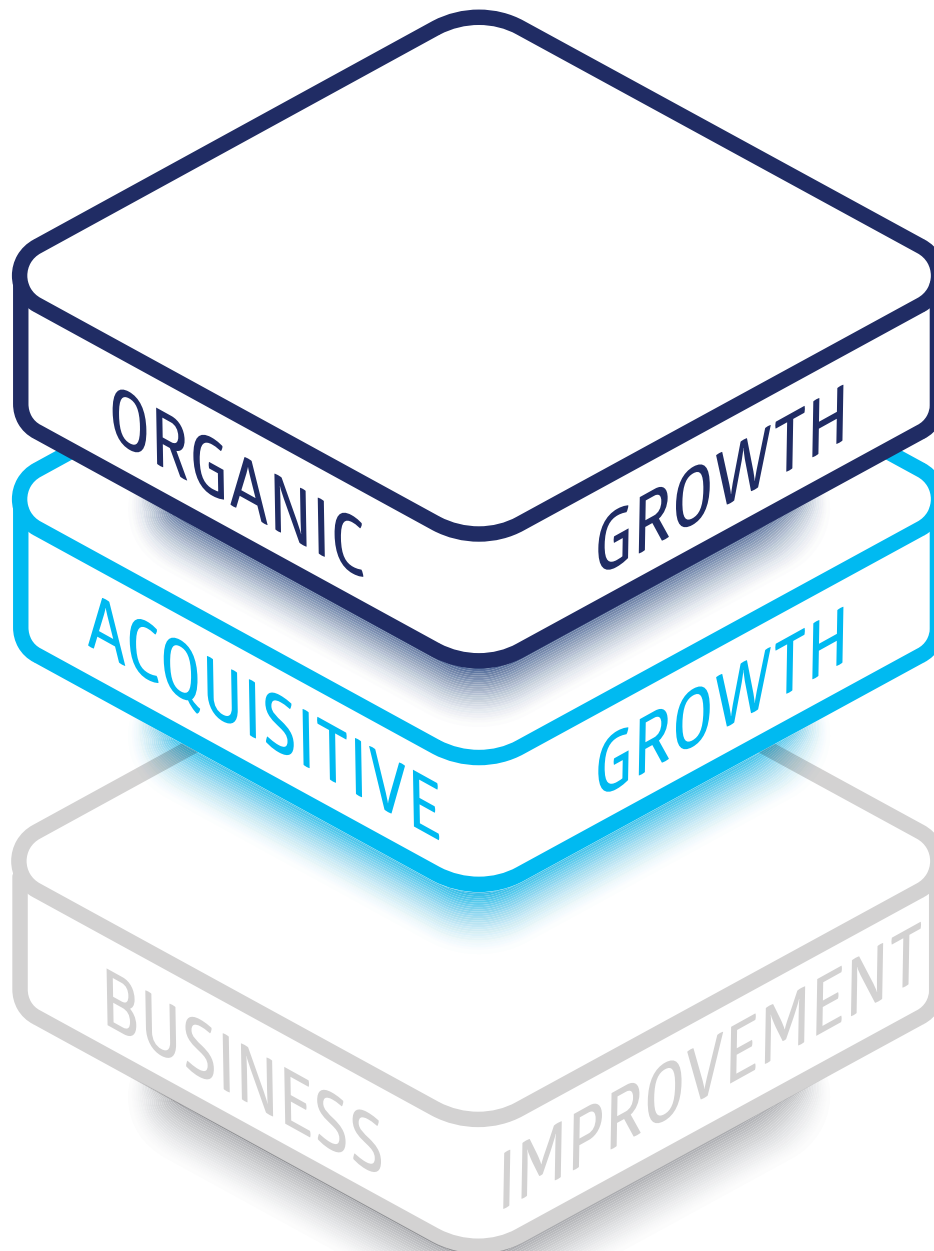
Naval applications require high levels of reliability and shock resistance, combined with the ability to give continued operation in severe environments and adverse operating conditions. Renold Hi-Tec Flexible Couplings were specified for use on BAE Systems Global Combat Ship as a critical part of the propulsion system, transmitting drive to the main propellers.

### Why Renold?

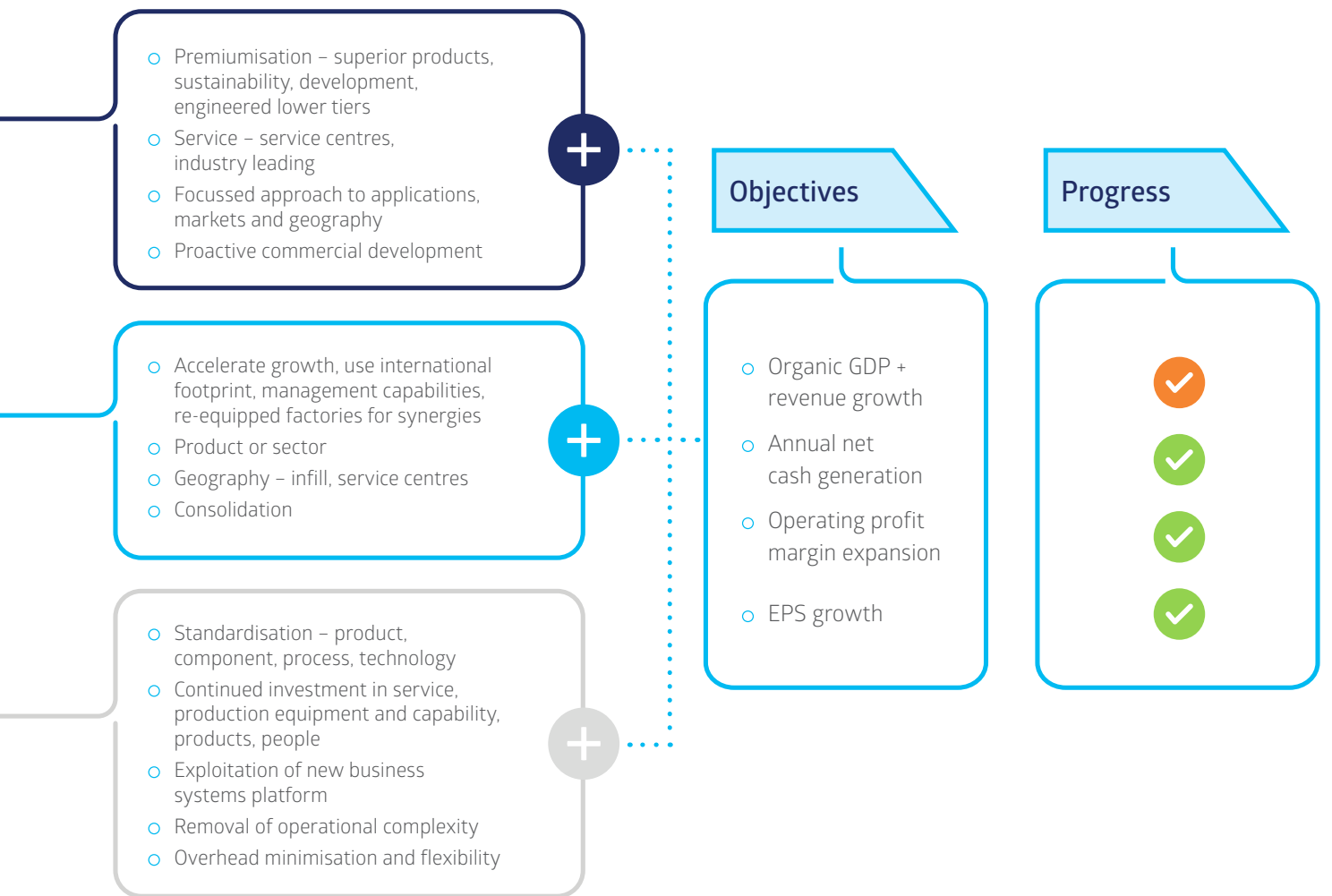
Renold has a rich history of supplying flexible couplings to naval vessels worldwide, including Royal Navy ships. Hi-Tec Flexible Couplings provide vibration control and noise reduction, which is critical for use in naval applications. Hi-Tec Flexible Couplings are inherently failsafe, which enables a warship to continue operation and get back to port in the event of battle damage.

## STEP2 Strategic plan

A leading premium supplier of high specification, sustainable, industrial chain and torque transmission products that facilitate others to achieve complex operational needs more reliably and with lower total costs of ownership. Our products, whilst critical, are a small part of the total cost.

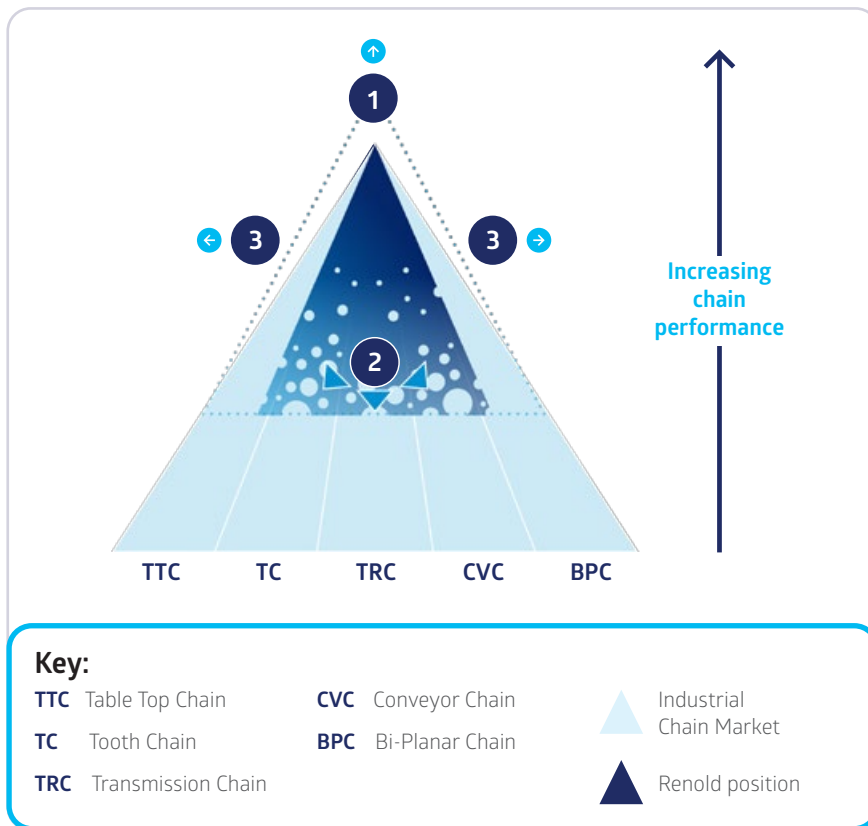


**Renold, second largest in the global chain market, strong brand, less than 10% market share.**  
**International footprint with no dependency on any geography, customer, product or application. International supply chain and manufacturing footprint.**



**Excellent business fundamentals**

# Market model



**There are three routes to organic growth and Renold is well positioned to drive them all.**

The diagram to the left can be used to represent any of our product markets across Chain and individual TT product sectors.

Here, as an example, we have represented the industrial chain market; product sectors are shown across the bottom and the vertical scale represents increasing product performance. The entire light blue triangle is our addressable market, with the Renold position shown in dark blue.

Renold is a manufacturer of high quality, high specification, high performance products, which are aimed at technically demanding applications and provide superior performance; we therefore operate at the top of the triangle in the premium part of the market. The graduated dark blue shows that our market penetration increases as the product requirements increase. The light blue "bubbles" within the Renold triangle represent product sectors and geographic markets where we have gaps in our range, or where market opportunities exist for us to gain greater penetration.

It should be noted that the industrial chain market does not include on-car automotive, motorcycle, bicycle or welded link chains. This means we are not negatively impacted by the move away from the internal combustion engine to electrical vehicle drive systems.

Along the base, the market is split by broad product type, illustrating Renold's strength in our core markets of Transmission Chain (TRC), Conveyor Chain (CVC) and Industrial Tooth Chain (TC). Adjacent markets where Renold has some presence, but is not a significant player, include Table Top Chain (TTC) and Bi-Planar Chain (BPC), and are examples of range extension opportunities.

Our strategy is to develop three clear paths to growth.

1

## Technically stretch the market

This route is focussed on stretching the market upwards, producing products that are even better than those available today. Providing technical attributes that enhance the performance of the product, be that in terms of service life, load capability, speed, less lubrication, environmental impact etc. Our products are technically differentiated and our objective is to provide customers with lower total cost of ownership and an ability to achieve performance from their equipment that may not otherwise be possible. Through the application of research and development and increasing our manufacturing capability, we continue to widen and deepen our technical moat. The work to technically stretch the market is supported by our business improvement workstreams and by increasing capital expenditure.

2

## Market penetration

Route two is about augmenting our product range and geographic coverage to address gaps, whilst deepening the penetration in our existing core markets. This includes geographic expansion into areas where we have traditionally been less strong or identifying specific product development opportunities, both in terms of cost effective solutions and enhanced performance. This could happen through organic development or acquisition.

Our internal business improvement activities and capital investments underpin this drive but are combined with commercial management targets in particular sectors or applications.

3

## Range extension

Route three is about expanding sideways into additional, or adjacent product areas where we currently don't operate. This may provide cross-selling opportunities through our existing sales network or open up entirely new markets.

Whilst range extension can, and is, tackled organically, it provides opportunities for us to grow through acquisition also.

# Chief Executive's review

This year saw a continuation of the Group's strong momentum and a further record year, with the Group's FY25 adjusted operating profit of £32.2m some 8.4% higher than the prior year.

Revenue for the year was £245.1m (FY24: £241.4m), a year on year increase of 3.9% at constant exchange rates, or an increase of 1.5% when currency headwinds are taken into account. In September 2024 the Group acquired the operations of Mac Chain Company Ltd, based in the Pacific Northwest of both the US and Canada. Mac Chain contributed £9.3m to turnover during its period of ownership.

Group constant currency order intake during the year was £250.1m (FY24: £227.5m), an increase over the prior year of 9.9%. Including the impact of currency headwinds, reported order intake was £244.5m, a 7.5% increase on the prior year. May 2024 saw the Group announce a large military contract for £10.6m to supply couplings to the Canadian navy; excluding the impact of the large military contract, constant currency order intake increased by 5.3%.

The closing order book at 31 March 2025 of £83.0m (FY24: £83.6m) remains close to record levels and increased slightly over the half year position (30 September 2024: £80.8m).

Group adjusted operating profit<sup>1</sup> of £32.2m (FY24: £29.7m) was 8.4% ahead of prior year on a reported basis, and 11.4% ahead on a constant exchange rates basis. Pleasingly, return on sales for the year at 13.1% increased 80bps over last year's reported figure of 12.3%. Profitability was strong in the second half of the financial year, where Mac Chain, in line with analysts' estimates, contributed £1.3m to the Group adjusted operating profit.

Statutory operating profit reduced to £28.5m (FY24: £30.5m), driven primarily by adjusting items relating to the impact of the Valencia flood of £0.4m, unwind of fair value inventory uplift on acquisition of £0.6m, costs associated with the acquisition of Mac Chain of £1.6m, and amortisation of acquired intangibles of £1.6m, offset by the release of a dilapidation provision for the formerly leased Cardiff site of £0.5m, while the prior year was flattered by a non-recurring one-off profit of £2.3m relating to the assignment of a lease on a closed site.

The Group continued to benefit from the impact of the significant efforts undertaken in the current and previous years to lower the fixed cost base whilst increasing flexibility and operational leverage.

The Group has successfully managed a period of significant political uncertainty, with the ongoing war in Ukraine, the US elections, and supply chain disruption to materials and transportation, in terms of availability, lead times and increased input costs. Going forward, political uncertainty continues unabated, with the threat of worldwide tariffs and US trade sanctions adding to the uncertainty. The Group is planning to respond in a robust manner to the threat of tariffs, and intends to pass on any increased costs, as we have previously done, while attempting to maintain margins and simultaneously continuing to run cost reduction, efficiency, simplification and standardisation programmes. We expect cost pressure on material, labour, energy and transportation to persist in the current financial year.

Renold continues to drive increased operational performance through specific projects aimed at better levels of efficiency and productivity, through automation, improved design and engineering, standardisation of products, better utilisation of machinery and people, including more flexible working practices, and leveraging the benefits of improved procurement strategies. The Group's capital investment programme increased during the year, and has continued to concentrate on increased automation in all of our facilities, together with replacement expenditure due to the Valencia flood, which we expect to be covered by insurance. The Group also took the opportunity to invest in the long-term future of the Couplings business, by purchasing the formerly leased Cardiff site. The Group's operational capabilities are steadily improving as consistent levels of investment bear fruit and we continue to develop ever better technologies and processes, allowing us to make higher specification and better performing products that maintain and enhance our market leadership.

In September 2024, the Group acquired Mac Chain for US\$30.9m, which increases the Group's access to CVC and forestry chain markets in the Pacific Northwest of the USA, British Columbia, and Quebec, building on Renold's existing strong brand position. The Mac Chain operational sites will allow us to accelerate our programme of service centre development, as we use excess space and capacity to offer a greater range of products and services. The business is performing in line with the Board's expectations at the time of the acquisition, and its integration with the wider American business is progressing well.

A focus on free cash flow generation remains a key priority for management. Closing net debt was £44.8m (31 March 2024: £24.9m). The purchase of the Mac Chain business, together with related costs and deferred consideration for a prior acquisition, resulted in a total acquisition spend of £23.4m. Additionally, the Group made the final payment for the Group's Chinese factory building of £2.5m and purchased the formerly leased Cardiff site for £3.8m.

<sup>1</sup> See page 132 for definitions of adjusted measures and the differences to statutory measures

# Chief Executive's review CONTINUED

## Chain performance review

The high levels of activity seen within the Chain division in the prior year continued. Revenue on a constant exchange rates basis increased by 3.9%; 1.3% when currency headwinds are taken into account, and finished the year at £195.3m. In September 2024 the Group acquired the trading assets of Mac Chain, which contributed revenue of £9.3m. Adjusted operating profit increased by 1.9% to £32.1m; 4.4% at constant exchange rates. Return on sales improved by 10 basis points, to 16.4% (FY24: 16.3%). Statutory operating profit was £29.5m (FY24: £32.8m).

	2025 £m	2024 £m
External revenue	194.6	191.9
Inter-segment revenue	0.7	0.9
Total revenue	195.3	192.8
Foreign exchange	5.0	–
Revenue at constant exchange rates	200.3	192.8
Operating profit	29.5	32.8
Assignment of lease and costs relating to closed sites	–	(2.3)
Impact of Valencia flood	0.4	–
Unwind of fair value inventory uplift on acquisition	0.6	–
Amortisation of acquired intangibles	1.6	1.0
Adjusted operating profit	32.1	31.5
Foreign exchange	0.8	–
Adjusted operating profit at constant exchange rates	32.9	31.5

Order intake in the Chain division increased by 4.2% year on year, or 6.8% at constant exchange rates. Mac Chain contributed £9.2m to order intake in the year.

Order intake in Europe reduced by 4.6% on a constant exchange rate basis, as both the impact of the disruption to production in Valencia following the flood, and the continued softness in the German economy took their toll. In North America, constant exchange rate order intake increased by 15.4%, helped considerably by Mac Chain; excluding the acquisition, underlying order intake increased by 2.3%. Pleasingly, the other chain businesses all recorded strong order intake growth, with Australasia 14.0% higher than the prior year on a constant exchange rate basis, China 32.4% higher, although from a low base, and India 13.2% higher. Closing order books for the division finished the year at £40.1m (FY24: £47.0m).

Chain Europe, which is our largest Chain business, saw revenue on a constant exchange rates basis reduced by 2.2%, a creditable performance given the general continued sluggishness of the Northern European economy, and the impact of the six weeks of lost production at the Valencia manufacturing business following the flood. Operating profit in the region increased year on year by 7.4% at constant exchange rates, as the business concentrated on gaining production efficiencies, through increased automation, and making better use of production facilities based outside Europe.

In the Americas, constant exchange rate turnover at £86.4m was 6.3% higher than FY24. Excluding the acquisition of Mac Chain, underlying sales reduced by 5.6%. Order intake was weaker than expected due to economic uncertainty in the run up to the US elections. Activity post-election continues to be subdued due to the anticipated increased tariffs and potential worldwide trade sanctions. The business continues to invest in improved production machinery, especially concentrating on automation of component manufacture and increased heat treatment capacity, aimed at bringing forward anticipated synergies from the Mac Chain acquisition.

In Australasia, we continued to deliver revenue growth with turnover on a constant exchange rate basis increasing year on year by 9.0%. In September 2023, the Group acquired the trading assets of Davidson Chain, and excluding the impact of the acquisition, underlying revenues increased by 5.2% at constant exchange rates. Sales in the Malaysian and Indonesian markets continue to grow strongly, with revenue increasing by 12.6% and 11.1% respectively. Profitability in the Australasian business improved markedly, increasing year on year by 28.1%. Even excluding the impact of the acquisition, underlying profitability increased by 24.3%, helped by improved productivity in the Melbourne plant, a healthy pipeline of new product wins and development along with cost saving engineering initiatives aimed at the South East Asian markets, together with an increased emphasis on both customer service and stock availability.

Revenues in India recovered markedly during the year, increasing by 19.1% on a constant exchange rate basis. Product development aimed at countering the impact of increased domestic and Chinese competition led to a recovery in demand especially in the agricultural market. The benefit of opening the regional distribution warehouse in Nagpur was also evident, with the unit generating an increase in turnover of some 91.0% over the prior year, which was adversely impacted by a two-week closure of the main production site for the implementation of a new fully integrated ERP system. The unit is benefitting from the increased visibility and efficiency that the new ERP system has brought, with positive impacts on sales, profitability and service seen during the financial year.

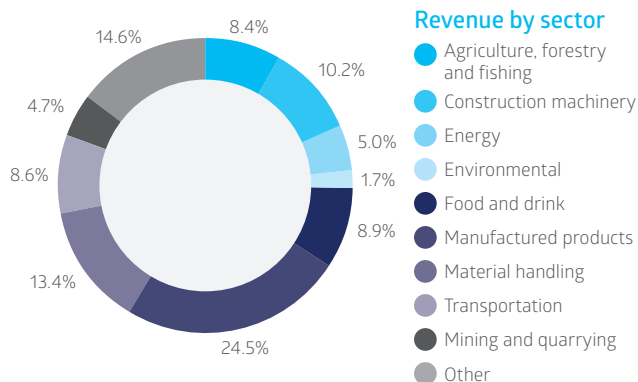
Following the success of the Nagpur regional warehouse, plans are currently being formulated for a further three regional distribution centres to help provide significantly improved delivery times to all parts of India over the coming years. Investment plans for the Indian factory include the introduction of the same state-of-the-art technology used elsewhere in the Group for the manufacture of many component types plus assembly. This will allow India to better support both external and Group customers with higher quality products with better specifications and performance. The uncertainty over US tariffs demonstrates the benefit of Renold having production facilities in a number of countries, and therefore being able to support customers' supply chain strategies. India is expected to be a beneficiary of the current uncertainty.

Revenues in China remained broadly flat during the year, reducing by 0.8%. External demand reduced by 5.6%, driven by a slowdown in the domestic Chinese market. Demand from Group customers increased by 3.9% during the period as European order intake for these products expanded and the Group took the opportunity to ship transmission chain products manufactured in China to the US ahead of the introduction of higher tariff levels.

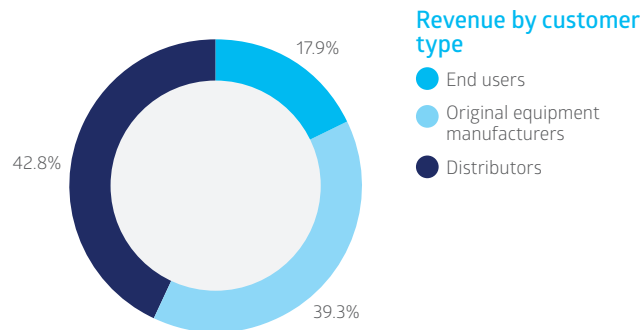
Studies are currently being undertaken for the transfer of Chinese made mid-tier products sold to the US to other Renold Group manufacturing facilities, while projects focussed on improving the quality and specification of products manufactured in China are being accelerated, allowing the Jintan site to manufacture several other Renold standard products and components for other broader international markets.

The Chain division continues to develop and evolve through investment in equipment, processes, training, and development of our engineering and sales teams. This provides us with a continued strengthening of our core underlying capabilities upon which our market leading position is built.

### The sectors we operate in



### The customers we serve



This integrated cell in our Westfield USA facility automates the production of high-precision gear couplings for mass transit systems.

## Chief Executive's review CONTINUED

### Torque Transmission performance review

Divisional revenues of £54.8m were 2.4% higher than in the prior year due to the continued recovery in demand in our North American markets and further business wins for our Chinese operation. The Renold North American manufacturing and distribution business, based in Westfield NY, saw turnover grow by 5.1% year on year while the Chinese business, based in Shanghai, saw an increase in turnover of 26.1%, albeit from a low base.

Divisional adjusted operating profit increased by 23.8% to £10.4m in the year, benefitting from operational gearing, increased profit recognition on the long term military contracts as the work progresses, and increased automation and operational efficiency. Return on sales for the division was 19.0% (FY24: 15.7%); an increase of 330bps during the year. On a constant exchange rates basis adjusted operating profit increased by 25.0%.

Momentum in this division, which has a later trading cycle and generally larger orders than our Chain business, continues to be positive.

	2025 £m	2024 £m
External revenue	50.5	49.5
Inter-segment revenue	4.3	4.0
Total revenue	54.8	53.5
Foreign exchange	0.7	-
Revenue at constant exchange rates	55.5	53.5
Operating profit	10.9	8.4
Release of dilapidation provision on acquisition of leased property	(0.5)	-
Adjusted operating profit	10.4	8.4
Foreign exchange	0.1	-
Adjusted operating profit at constant exchange rates	10.5	8.4

Order intake in the division at £57.1m increased by 19.6% during the year, or by 21.3% at constant exchange rates. In May 2024, the Group announced a large military contract for the supply of Hi-Tec couplings to the Royal Canadian Navy, for a total contract value of £10.6m.

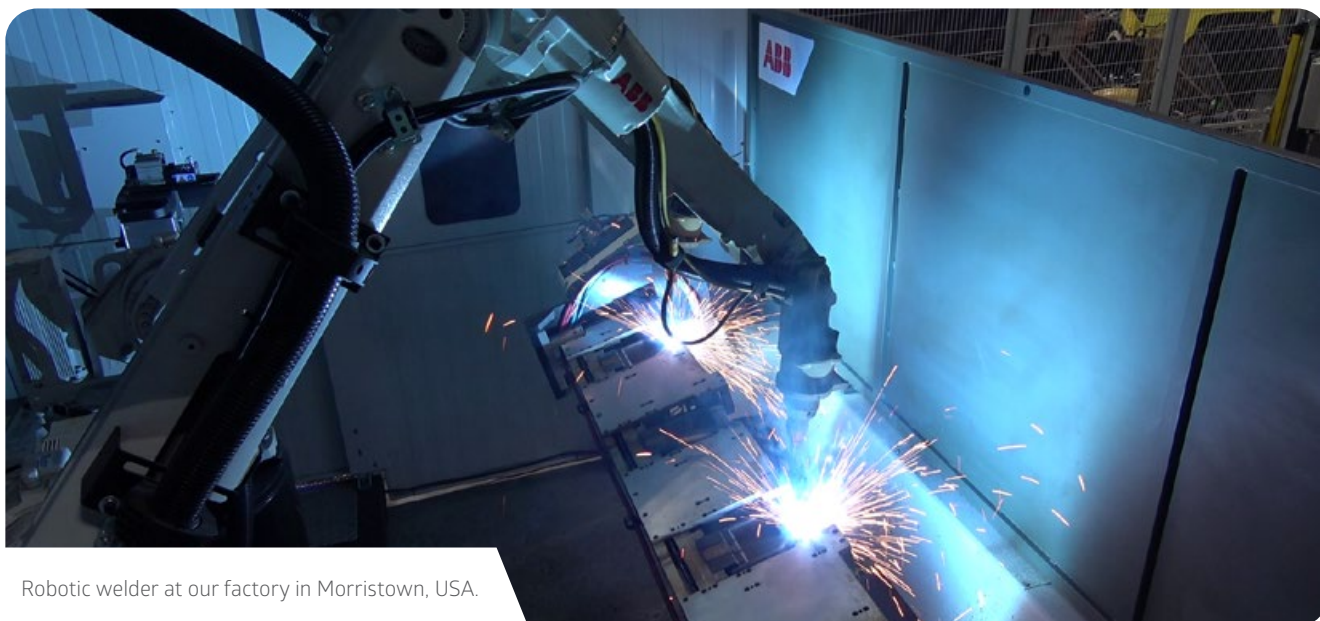
The North American business unit benefitted from continued high demand for gears and couplings supplied intra-group from the UK, together with its own manufactured gear spindles and shakers, both in the US domestic market and internationally. Demand for gear couplings for the US mass transit market also continued at historically high levels. Operating profits recorded in the US TT business increased by 7.0% year on year.

Demand for Group-supplied products through the Australian distribution and service centre was soft, as a number of larger projects were completed, while sales in the Chinese market increased by 26.1% as a number of new business wins came on stream.

The Couplings business unit saw a 6.0% increase in turnover year on year. As expected, the marine business, which manages the long-term military contracts, remained busy, as work continued on the second phase of the UK military contract, and the initial phase of the Australian military contract.

Product development in the Couplings business continued, with new designs for couplings that expand the performance envelope of current products, whilst adding new features and benefits, and sales of the RBI rubber in compression product continued apace. The business unit invested in improved testing capacity as development of new enhanced ranges of couplings continues to gather speed.

The Gears business made good progress in order intake, showing a 13.3% increase in the period. Profitability increased markedly, up 135% despite facing significant inflationary pressures, as the benefit of recent capital investment in automation, and other efficiency programmes bore fruit. Notable developments include new products aimed at the escalator market, especially relating to metro systems, and a number of specialist niche products aimed at the water treatment market. Demand from OEM customers, particularly for larger projects in the US and UK, which are our key geographic markets, remained strong during the year.



Robotic welder at our factory in Morristown, USA.

## Sustainability

Renold takes a pragmatic approach to sustainability. Our focus is on making an actual difference through continual work programmes, aiming to reduce both energy consumption and environmental impact, and involving our customers, local communities, workforce and other stakeholders. We have not, and do not plan to make far-reaching statements on future carbon neutrality; instead we are working to be better each year. Alongside our own direct work on sustainability, we are already manufacturing products that will assist our customers to improve their sustainability performance. Development programmes have started improving our products even further so that customers have more opportunities to reduce their environmental impact.

The Group Sustainability Committee has driven a number of projects throughout the year and is constantly assessing and promoting new opportunities. One project started in the year is aimed at reducing Renold's use of water, while we continue a successful programme aiming to cut our electricity consumption across our entire international footprint.

At a regional level, our businesses across the world have been tasked with developing their own sustainability project roadmaps, seeking to ensure that our efforts are relevant to the highly diverse regions within which we operate. Projects are running on waste reduction, elimination of various chemicals, and reducing water and energy usage. More detailed information on climate-related financial disclosures is found in our sustainability section in the Annual Report.

## Strategic Plan – STEP2 progress

Having created a stronger operational platform for the Group in recent years, and with a robust balance sheet, we have increased our focus on our strategy to accelerate performance through value-enhancing acquisitions, which will allow us to benefit from both increased geographical and product coverage, and leverage synergies from increasing the throughput of our existing facilities. As a result, we have developed a pipeline of acquisition opportunities that we believe have the ability to meet our financial and operational criteria. Such acquisitions will allow us to expand our product and service offering as well as our customer base, further expand our already diverse product portfolio into adjacent market sectors, and allow us to capitalise on our ability to provide customers with high specification products that deliver real benefits to their own business performance.

The Board has a disciplined approach to appraising acquisition opportunities, ensuring that potential targets will enhance the Group's wider strategy and earnings. Additionally, the Board is mindful of retaining a conservative capital structure, and will ensure that the long-term net debt to EBITDA ratio is maintained at an acceptable level.

During the year, Renold built on its proven track record of acquisitions with the acquisition of Mac Chain in the Pacific Northwest of the USA, British Columbia and Quebec. Mac Chain is a manufacturer and distributor of high quality conveyor chain ("CVC") and ancillary products, with a significant presence in the forestry and broader industrial markets. A very methodical integration plan is in place to deliver margin improvement, including the in-sourcing of third party purchases and centralisation of production to improve operational efficiency. The previous owners of Mac Chain have transferred with the business and we are delighted that they and their team continue to work with us.

Organic growth and continuous business improvements are fundamental drivers of the Group strategy. Renold is consistently enhancing its operational capabilities through upgrading equipment and processes, reflected in the increased capital expenditure, funded by improving cash generation, whilst prioritising projects with a short payback period. We are focussing new product development in larger, faster growing market segments, whilst leveraging manufacturing cost improvements to penetrate new markets.

Our international manufacturing footprint is a major competitive advantage in the current world of supply chain risk, tariffs, potential trade wars and geo-political tensions. We continue to expand our capabilities to manufacture our products across multiple locations, giving our customers, and Renold, increasing flexibility to transfer production to both low cost and low tariff countries.

Our Indian business is a particular focus for capital investment and development in the next few years. We aim to expand the capability of the business in terms of range, capacity and product specification. As tariffs on Chinese product remain in place or get higher in many countries, our Indian business will see major opportunities develop internationally and in its domestic market.

These projects highlight our capital allocation priorities, and the resulting investment decisions for the Group. With the large infrastructure projects complete, capital allocation decisions are focussed on customer service, upgrading product

specification capabilities and optimising revenue growth and profitability for the Group. For the Chain division especially, this allows us to access economies of scale and offer a truly global service with increasing relevance to large OEM customers. Renold is increasingly an integrated international supplier and less a series of regional businesses.

The strategic progress made by the Group over recent years has been significant. Investments in both our production capabilities and our IT environment have resulted in significant benefits, with:

- Improvements in productivity and operational efficiency as evidenced by growing sales per employee;
- Greater insight into the performance and opportunities in the business due to better and more complete data;
- Improvements in the specification and quality of products we are able to make across our multiple manufacturing sites; and
- Greater flexibility in the cost base as we continue to automate production processes.

Irrespective of end market conditions, the financial benefits of these improvements will increasingly come to the fore.

## Current operating environment

The effects of the war in Ukraine, especially in terms of higher prices for energy and materials as seen in the UK and mainland Europe, were less marked in FY25, only to be replaced with new economic uncertainties brought about by geopolitical factors, such as de-globalisation and re-shoring, increasing trade tariffs and the continuing impact of general inflation, higher interest rates, and growing pressure on labour rates around the world. The volatile operating environment the Group has faced over recent years abated slightly during FY25, only to be significantly heightened post year end as the US/China trade dispute and broader US and international tariffs came to the fore. We remain conservative around our timing expectations of a full return to normal, and expect further headwinds to persist to differing degrees in the new financial year.

## Macroeconomic landscape and business positioning

The underlying fundamentals of the Group and the markets we serve provide the Board with confidence that Renold is well placed to continue to develop and deliver sustainable profitable growth. These intrinsic qualities have remained consistent over many years but we are now proactively building on these fundamentals. They include:

- **Valued and recognised brand with well-respected engineering expertise**

The Renold brand has been built up over our 150-year history and is trusted by customers to deliver exceptional products based on our world-class engineering and product knowledge.

- **Global market position and unique geographical manufacturing capability**

The global market position of Renold has existed for many years, but following significant strategic investments in both divisions, the geographic manufacturing footprint and capabilities we have are unique, permitting us to service customer demand with increasing levels of flexibility – a critical factor in a rapidly changing market environment.

- **Relatively low cost, but business critical products**

Chain and Torque Transmission products are fundamental elements of the systems into which they are incorporated. Our products are often a small proportion of the cost of the entire system, but critical to its operation.

- **Broad base of customers and end-user markets**

Renold products are used in an extremely diverse range of end applications, sectors, markets and geographies, resulting in a huge spread of customers and industries served. Markets and applications will change and vary in the ever-altering environment we operate in but, with its wide spread of products, geographies, applications and customers, Renold is well positioned.

- **High specification products delivering environmental benefits for our customers**

Renold products have always been high specification premium products

which deliver exceptional benefits to customers. Whether through greater efficiency leading to lower power usage, longer life providing lower lifetime usage of materials and energy in their manufacture and logistics, or lower lubrication requirements, Renold products are well placed for an increasingly environmentally aware marketplace. Our products help our customers meet their sustainability objectives whilst saving them money.

## Outlook

I am pleased that the Group performed strongly throughout the year, reflecting Renold's excellent market position and fundamentals, combined with all the hard work, strategically, commercially and operationally, that has been undertaken over recent years by our employees across the world. Renold continues to increase its capabilities and international footprint, both organically and through acquisition, which we believe positions the business well to address the needs of a broad customer base.

Our clear and effective strategy has delivered further progress and strong results in FY25, but we remain mindful of the additional challenges presented by the current economic backdrop. The Group has a broad international footprint and highly differentiated product offering, and as such has been able, using supply chain flexibility and price rises, to mitigate a large part of the direct cost headwinds presented by current changes to tariff regimes.

Overall, volume demand during the early part of FY26 has been slightly below prior year levels, with some customers deferring procurement decisions in response to the heightened level of uncertainty, affecting a number of our geographic and sector end-markets. During the first quarter, the impact of reduced Group sales volumes was largely offset by pricing and we will take further pricing action to meet additional cost increases if necessary. We are also seeking to manage the effects of currency movements and particularly the weaker US dollar, which if the current exchange rate is maintained for the remainder of the financial year, would represent a translational headwind to earnings.

We would expect greater customer outlook visibility to drive improved demand, but currently anticipate this to remain subdued, at least through the remainder of the first half of the current financial year. Against this backdrop, we are focussed on maximising our efficiency and ensuring we can respond effectively to changing conditions, in order to maintain our strategic momentum.

**ROBERT PURCELL**  
**CHIEF EXECUTIVE**

8 July 2025

# Our key performance indicators

Our financial and non-financial key performance indicators (KPIs) provide a measure of our performance against the key drivers of our strategy. Their relevance to our strategy and our performance against these measures are explained below.

## KPI result change

(from prior year)



Improvement



Unchanged



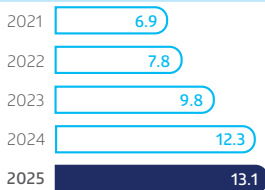
Deterioration

### Profit measures

#### Return on sales (%)

##### Commentary:

Improvement in RoS is in line with our strategic intent to improve the strength of the underlying business.



Change

#### Adjusted earnings per share (p)

##### Commentary:

EPS progression is in line with our intention to strengthen the underlying business.



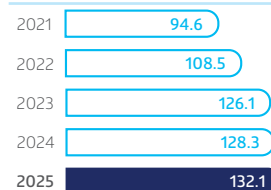
Change

### Efficiency measures

#### Sales per employee using constant exchange rates (£'000)

##### Commentary:

Continued investment in processes within our factories is allowing us to increase activity with a consistent, highly skilled workforce.



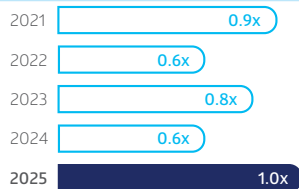
Change

### Capital and cash measures

#### Leverage ratio

##### Commentary:

Continued investment activity led to a higher leverage ratio, offset by strong EBITDA and continued working capital control.

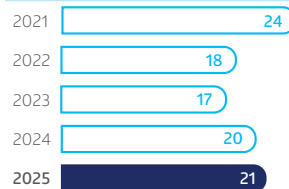


Change

#### Average working capital ratio (%)

##### Commentary:

Marginally higher than prior year, with continued focus on improvement service levels.



Change

### KPI definitions

#### Return on sales (%)

Adjusted operating profit divided by revenue (see Alternative performance measures).

#### Adjusted earnings per share (p)

Earnings per share before adjusting items (see Note 5).

#### Sales per employee using constant exchange rates (£'000)

Total constant currency revenue divided by the average number of employees.

#### Leverage ratio

Ratio of net debt to adjusted EBITDA (see Alternative performance measures).

#### Average working capital ratio (%)

Average working capital as a ratio of revenue (see Alternative performance measures).

#### Lost time accident frequency rate

Total number of lost time accidents in the year divided by the number of hours worked.

#### Safety improvements

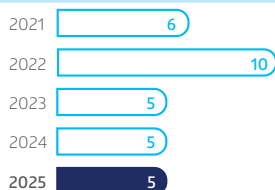
Total number of safety improvements identified and implemented.

### Health and safety measures

#### Lost time accident frequency rate

##### Commentary:

Lost time accident frequency continues the recent trend, indicating a consolidation of improved performance and standards.

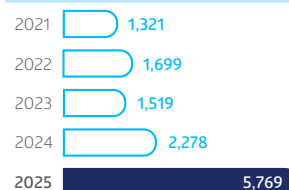


Change

#### Safety improvements

##### Commentary:

A significant increase in reporting of safety improvements clearly reinforces the value of safety and lays the foundations for a reduction in accidents by identifying and controlling hazards before they present instances of harm.



Change

# Finance Director's review

Renold once again delivered a record performance, with Group adjusted operating profit increasing by 8.4% to £32.2m. The business produced an adjusted operating margin of 13.1% (FY24: 12.3%) and achieved a 15.4% increase in adjusted EPS to 9.0p.

	2025			2024		
	Order intake £m	Revenue £m	Operating profit £m	Order intake £m	Revenue £m	Operating profit £m
<b>Reconciliation of reported to adjusted results</b>						
Reported	244.5	245.1	28.5	227.5	241.4	30.5
Assignment of lease and cost of closed sites	-	-	-	-	-	(2.3)
Impact of Valencia flood	-	-	0.4	-	-	-
Unwind of fair value inventory uplift on acquisition	-	-	0.6	-	-	-
Release of dilapidation provision on acquisition of leased property	-	-	(0.5)	-	-	-
Acquisition costs	-	-	1.6	-	-	0.5
Amortisation of acquired intangible assets	-	-	1.6	-	-	1.0
Adjusted	244.5	245.1	32.2	227.5	241.4	29.7
Impact of foreign exchange	5.6	5.7	0.9	-	-	-
Adjusted at constant exchange rates	250.1	250.8	33.1	227.5	241.4	29.7

## Revenue and operating profit

Constant exchange rate revenue was £250.8m, and grew by 3.9%. Translational exchange variances were a headwind, and reduced reported orders and revenue to £244.5m and £245.1m respectively.

In the Chain Division, constant currency revenue increased year on year by £7.5m, or 3.9%. The Mac Chain acquisition contributed £9.3m to turnover during the year; excluding the acquisition, underlying revenue reduced by £1.8m or 0.9%, which principally reflects the effect of the Valencia flood.

The Group generated an adjusted operating profit for the year of £32.2m (FY24: £29.7m), excluding the impact of adjusting items detailed below. Reported operating profit for the year was £28.5m (FY24: £30.5m). Return on sales increased by 80bps during the year to 13.1% (FY24: 12.3%). Operating profit margin, calculated on a statutory basis, was 11.6% (FY24: 12.6%)

## Adjusting items

Adjusting items for FY25 comprise costs associated with the Valencia flood, details of which are disclosed in Note 2, including write off of assets and net of interim insurance payments on account of £0.4m (FY24: £nil), unwind of fair value inventory uplift on acquisition £0.6m (FY24: £nil), acquisition-related intangible asset amortisation of £1.6m (FY24: £1.0m), acquisition and re-organisation costs of £1.6m (FY24: £0.5m), release of a provision for dilapidations on the purchase of the formerly leased Cardiff site of £0.5m (FY24: £nil), while FY24 also included an exceptional profit on the assignment of the lease of a closed UK site of £2.3m (FY25: £nil).

Adjusting taxation items in the current year include £0.1m credit (FY24: £nil) in relation to the release of a dilapidation provision in the UK and a £1.0m (FY24: £nil) charge in relation to the tax impact of the costs incurred due to the Spanish flooding comprising the current tax impact as well as the impact of deferred

tax on loss recognition. In the prior financial year, the adjusting tax items comprised a tax charge of £0.8m (FY25: £nil) in relation to the assignment to a third party of the lease for a closed UK site and a deferred tax credit of £1.0m (FY25: £nil) arising from the Davidson acquisition.

## Foreign exchange rates

The majority of Renold's business is denominated in US Dollars and Euros. Foreign exchange rates have remained volatile, with a 3% strengthening of Sterling against the Euro and 2% strengthening of Sterling against the US Dollar between March 2024 and March 2025. The movements in both US Dollars and Euros during the year together reduced sales by £5.7m and adjusted operating profit by £1.0m.

The weighted average exchange rates for the year ended 31 March 2025, which take into account phasing over the year, were 1.28 for the US Dollar and 1.19 for the Euro (2024: 1.26 and 1.16 respectively).

	31 Mar 24 FX rate	31 Mar 25 FX rate	31 Mar 25 Var %	2024 Average FX rate	2025 Average FX rate	2025 Var %
<b>FX rates (% of Group sales)</b>						
GBP/Euro (28%)	1.17	1.20	3%	1.16	1.19	3%
GBP/US\$ (37%)	1.26	1.29	2%	1.26	1.28	2%
GBP/C\$ (7%)	1.71	1.86	9%	1.70	1.79	5%
GBP/AU\$ (6%)	1.94	2.07	7%	1.91	1.97	3%

If the year-end exchange rates had applied throughout the year, there would be an estimated decrease of £2.8m to revenue and £0.3m to operating profit.

## Finance costs

Total finance costs in the year were £7.9m (FY24: £7.6m). This includes interest on bank loans and overdrafts of £4.1m (FY24: £3.7m), amortisation of arrangement fees of £0.4m (FY24: £0.3m), and £1.0m (FY24: £0.8m) of interest on lease liabilities. The net IAS 19 finance charge, which is a non-cash item, was £2.4m (FY24: £2.7m).

The increase in interest payable on external bank loans and overdrafts was driven primarily by the acquisition of Mac Chain for US\$30.9m during September 2024, with US\$27.8m paid in FY25. This will be followed by two further payments of US\$1.57m, payable 12 and 24 months from the completion of the acquisition.

## Earnings per share

Profit after tax for FY25 was £15.1m (FY24: £17.1m). Adjusted earnings per share were 9.0p (FY24: 7.8p). Basic earnings per share were 7.6p compared to 8.3p for the year ended 31 March 2024.

	2025 £m	2024 £m
Adjusted profit after taxation	17.8	16.1
Effect of adjusting items, after tax:		
– Assignment of lease and cost of closed sites	–	1.5
– Acquisition costs	(1.6)	(0.5)
– Amortisation of acquired intangible assets	(1.6)	(1.0)
– Impact of Valencia flood	0.6	–
– Unwind of fair value inventory uplift on acquisition	(0.5)	–
– Release of dilapidation provision on acquisition of leased property	0.4	–
– Deferred tax triggered on acquisition	–	1.0
<b>Profit after taxation</b>	<b>15.1</b>	<b>17.1</b>
Basic adjusted earnings per share	<b>9.0p</b>	7.8p
Basic earnings per share	<b>7.6p</b>	8.3p

## Balance sheet

Net assets at 31 March 2025 were £67.4m (31 March 2024: £50.2m). Retained profit was £15.1m in the year (2024: £17.1m).

## Profit before tax

Profit before tax was £20.6m (FY24: £22.9m), a reduction of 10.0% during the year.

## Taxation

Excluding the tax effect of the non-recurring items described above, the effective tax rate on adjusted earnings was 27% (FY24: 27%), and is expected to be broadly at this level in FY26.

The total tax charge in the year of £5.5m (FY24: £5.8m) is made up of a current tax charge of £3.9m (FY24: £6.5m) and a deferred tax charge of £1.6m (FY24: credit of £0.7m). The decrease in the current tax charge is attributable to reduced taxable

profits across the Group, reflecting the mix of jurisdictions in which profit was generated. For further details see Note 4.

The effective tax rate of 27% (2024: 25%) is higher than the prevailing UK tax rate of 25% (2024: 25%). The increase in the effective tax rate is primarily driven by a change in the profit mix across the Group, with higher profits in jurisdictions where the prevailing tax rate is higher than the UK tax rate as well as an increase in centrally held uncertain tax provisions and an increase in non-deductible expenses relating to acquisition costs in the period.

## Cash flow and net debt

	2025 £m	2024 £m
Adjusted operating profit	32.2	29.7
Add back depreciation and amortisation	10.6	9.8
Add back loss on disposal of property, plant and equipment	(0.1)	-
Add back share-based payments	1.5	1.4
Adjusted EBITDA <sup>1</sup>	44.2	40.9
Movement in working capital	(2.4)	3.8
Net capital expenditure	(13.3)	(10.1)
Operating cash flow <sup>1</sup>	28.5	34.6
Income taxes	(7.0)	(3.8)
Pensions cash costs	(6.1)	(6.0)
Repayment of principal under lease liabilities	(3.0)	(2.5)
Finance costs paid	(5.5)	(4.8)
Consideration paid for acquisition	(23.4)	(5.2)
Dividends paid	(1.0)	-
Own shares purchased for the EBT	-	(4.5)
Chinese building repayment	(2.5)	(2.2)
Valencia Flood (net of insurance proceeds)	0.1	-
Other movements	-	(0.7)
Change in net debt	(19.9)	4.9
Closing net debt <sup>1</sup>	44.8	24.9

<sup>1</sup> Adjusted EBITDA and operating cash flow are alternative performance measures as defined in on page 132.

Net debt increased by £19.9m to £44.8m (31 March 2024: £24.9m). The Group invested £23.4m (FY24: £5.2m) in acquisitions in the year. Net debt at 31 March 2025 comprised cash and cash equivalents of £22.0m (31 March 2024: £17.8m) and borrowings of £66.8m (31 March 2024: £42.7m).

Working capital, mainly inventory levels, increased at year end by £1.7m (FY24: £nil), as the Group supplied additional stock to the US ahead of the imposition of increased tariffs. Trade receivables and trade payables together remained broadly flat, while a reduction in provisions resulted from the continuation of restructuring actions in Germany.

Net capital expenditure of £13.3m (FY24: £10.1m) increased during the financial year. The Group expects to continue to make investments in the coming year in increased automation in support of our strategy. Additionally, the installation of the standard Group ERP system continued as planned.

Pension deficit recovery plan cash costs of £6.1m in FY25 were broadly the same as in the prior year.

Corporation tax cash paid was £7.0m (FY24: £3.8m), with the increase due to the full utilisation of brought forward losses in both Germany and the US.

Net cash flow from operating activities, in a statutory format, was £25.0m (FY24: £32.2m) see Note 23 and the Consolidated statement of cash flows.

## Debt facility and capital structure

In April 2025, the Group announced that it had renewed its borrowing facilities which included an increase of the multi-currency revolving credit facility from £85.0m to £105.0m, and the extension of the facilities for a further two years until May 2028. In addition, the Group increased its accordion option, designed to support the Group's acquisition strategy, from £20.0m to £25.0m. The principal banking covenants remain unchanged, with the net debt/EBITDA covenant at 3.0 times EBITDA, and the EBITDA / interest cover at 4.0 times. Other key terms also remain unchanged.

At 31 March 2025, the Group had unused credit facilities totalling £22.8m (31 March 2024: £47.1m) and cash balances of £22.0m (31 March 2024: £17.8m). Total Group credit facilities, all committed, amounted to £89.5m (31 March 2024: £90.0m). The Group has operated well within agreed covenant levels throughout the year ended 31 March 2025 and expects to continue to operate comfortably within covenant limits in the coming year.

The net debt/adjusted EBITDA multiple as at 31 March 2025 was 1.0x (31 March 2024: 0.6x), calculated in accordance with the banking agreement. Adjusted EBITDA/interest cover as at 31 March 2025 was 10.7x (FY24: 11.1x).

## Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and financial position, liquidity, cash balances and borrowing facilities is set out in the Chair's statement, the Chief Executive's review, the Finance Director's review and in the section on principal risks and uncertainties. Additional details of the Group's cash balances, borrowings and facilities are included in Notes 13 and 14.

The Group regularly monitors its financial position to ensure that it remains within the terms of its banking covenants; it has remained comfortably within those covenants for the whole of the financial year.

Given the current level of macroeconomic uncertainty stemming from inflation, geopolitical risks, including tariffs, and also being mindful of the risks discussed in the principal risks and uncertainties section, the Group has performed financial modelling of future cash flows. The Board has reviewed the cash flow forecasts which cover a period of 12 months from the planned announcement of the FY25 results, and which reflect forecast revenue across the Group's business units. The impact of tariffs has been considered as part of these forecasts, based on information known at the time. Tariffs are not expected to have a material impact on going concern, largely due to the Group's ability to manufacture in the US and switch production between manufacturing sites in various countries.

A reverse stress test has been performed on the forecasts to determine the extent of a downturn that would result in a breach of covenants. Revenue would have to reduce by approximately 33% over the period under review for the Group to be likely to breach the interest cover covenant. The reverse stress test does not take into account further mitigating actions that the Group would implement in the event of a severe and extended revenue decline, such as reducing discretionary spend and capital expenditure. This assessment indicates that the Group can operate within the level of its current increased facilities, as set out above, without the need to obtain any new facilities for a period of not less than 12 months from the date of this report.

### Material uncertainty as to going concern

On 13 June 2025, MPE Bid Co, a company majority-owned by a fund managed and controlled by Morgenthaler Private Equity ("MPE") announced a firm intention to acquire the issued, and to be issued, ordinary share capital of Renold plc in accordance with Rule 2.7 of the Takeover Code. The Directors of Renold plc highlight the following points:

1. Whilst the Directors have not had direct visibility of MPE's post completion funding for the Group, they have placed reliance on the certification made by both MPE and their financial advisors that

sufficient financial resources are available for the transaction to be completed.

2. The Directors of Renold plc have had no visibility of the strategic plans for the Group post transaction, and as such are unable to certify for a 12 month period post the date of these accounts that the Group post completion can continue for a period of 12 months from the date of this report.
3. The announcement of the acquisition qualifies as an event or condition that indicates that a material uncertainty exists that may cast significant doubt upon the Group and Parent Company's ability to continue as a going concern, under a future structure potentially introduced by MPE.

Following this assessment, and subject to the material uncertainty stated above, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the consolidated financial statements. There are no key sensitivities identified in relation to this conclusion. The financial statements do not include any adjustments that would be required if the financial statements were prepared on a basis other than that of a going concern.

### Treasury and financial instruments

The Group's treasury policy, approved by the Board, is to manage its funding requirements and treasury risks without taking any speculative risks. Treasury and financing matters are assessed further in the section on principal risks and uncertainties.

To manage foreign currency exchange impact on the translation of net investments, certain US Dollar, Euro and Canadian Dollar denominated borrowings taken out in the UK to finance US, European and Canadian acquisitions are designated as a hedge of the net investment in relevant subsidiaries. At 31 March 2025 this hedge was fully effective. The carrying value of these borrowings at 31 March 2025 was £36.0m (31 March 2024: £10.9m).

At 31 March 2025, the Group had £0.5m (31 March 2024: £0.5m) of its gross debt at fixed interest rates. Cash deposits are placed short-term with banks where security and liquidity are the primary objectives. The Group has no significant concentrations of credit risk, with sales made to a wide spread of customers, industries and geographies. Policies are in place to ensure that credit risk on individual customers is kept to a minimum.



Apprentice of the year finalist, Elspeth, completing the final assembly of a barring drive at our site in Milnrow, UK.

# Finance Director's review CONTINUED

## Pension assets and liabilities

The Group has a mix of UK (88% of gross liabilities), German (11% of gross liabilities) and other (1% of gross liabilities) defined benefit pension obligations as shown below.

	2025			2024		
	Assets £m	Liabilities £m	(Deficit)/surplus £m	Assets £m	Liabilities £m	(Deficit)/surplus £m
UK scheme	94.0	(125.2)	(31.2)	100.3	(140.0)	(39.7)
German arrangement	-	(15.5)	(15.5)	-	(17.5)	(17.5)
Other arrangements	1.6	(1.9)	(0.3)	3.1	(3.0)	0.1
	95.6	(142.6)	(47.0)	103.4	(160.5)	(57.1)
Deferred tax asset			2.5			3.0
Net deficit			(44.5)			(54.1)

The Group's retirement benefit deficit decreased from £57.1m (£54.1m net of deferred tax) at 31 March 2024 to £47.0m (£44.5m net of deferred tax) at 31 March 2025. All defined benefit schemes are closed to new members and (with the exception of the union plan for the Westfield US facility, see below) for future accrual.

### UK funded scheme

The deficit of the UK scheme decreased in the year to £31.2m (31 March 2024: £39.7m).

A decrease in gross liabilities of £14.8m arose primarily due to an increase in the discount rate (5.75% FY25 compared with 5.0% in the prior year). The long-term CPI inflation assumption remained constant at 2.85%.

Contributions in the year ended 31 March 2025 were £5.0m (FY24: £4.6m). This includes payment of £0.6m per annum for five years until FY27 to cover a contribution deferral agreed during the Covid pandemic. The underlying contribution to the UK scheme increases annually by RPI plus 1.5% (capped at 5%).

### Other arrangements

The largest overseas arrangement is in Germany, which is unfunded in line with normal practice in Germany, with a total liability and thus deficit of £15.5m (31 March 2024: £17.5m). Pensions are paid by the Company as they fall due and cash payments for this arrangement were £1.1m (FY24: £1.1m).

Other overseas arrangements are small and are funded, with a combined deficit of £0.3m (31 March 2024: surplus of £0.1m). Total contributions in the year for these schemes were £nil (FY24: £0.3m). During the year, the Group progressed with plans to buy-out overseas arrangements, with the exception of that in Germany. In addition, agreement was reached with both employees and the union to close the union plan for future accrual in Westfield; this is expected to take effect during FY26.

### Post balance sheet events

On 25 June 2025, the Group acquired the entire issued share capital of Ognibene S.p.a. ("Ognibene") for a total cash consideration of €10.0m (£8.4m). Ognibene is being acquired on a cash free, debt free basis, and will consist of an initial cash consideration of €9.0m (£7.6m), followed by a further cash payment of €1.0m (£0.8m), payable 12 months from the anniversary of completion of the acquisition. Ognibene is a manufacturer and distributor of high-quality transmission chain ("TRC") and ancillary products servicing a range of end markets, including packaging machinery, distribution and food processing. The acquisition increases the Group's access to the Italian, and wider Southern European market, allowing Renold to improve its customer service offering by accommodating local stocking of our complete chain range in Italy, which in turn will generate manufacturing synergies between Ognibene and Renold's existing international operations.

On 23 April 2025, the Group renewed its core banking facility that was due to mature in May 2026. The existing multi-currency revolving facility has been amended and extended by a period of two years and will be in place until May 2028 and is fully committed and available until maturity. The existing facility has been increased to £105.0m from the previous level of £85.0m and will be provided by the existing banks: HSBC UK, Allied Irish Bank (GB), and Citibank.

On 21 May 2025, the Board of Renold confirmed that it has received two separate unsolicited and non-binding all-cash proposals from a consortium comprising Buckthorn Partners LLP and One Equity Partners IX, L.P., and Webster Industries, Inc, a company majority-owned by a fund managed and controlled by Morgenthaler Private Equity ("MPE") to acquire the entire issued and to be issued ordinary share capital of Renold plc.

On 13 June 2025, MPE Bid Co made a formal offer to acquire the entire issued and to be issued ordinary share capital of Renold plc at 82 pence per ordinary share.

**JIM HAUGHEY**  
GROUP FINANCE DIRECTOR

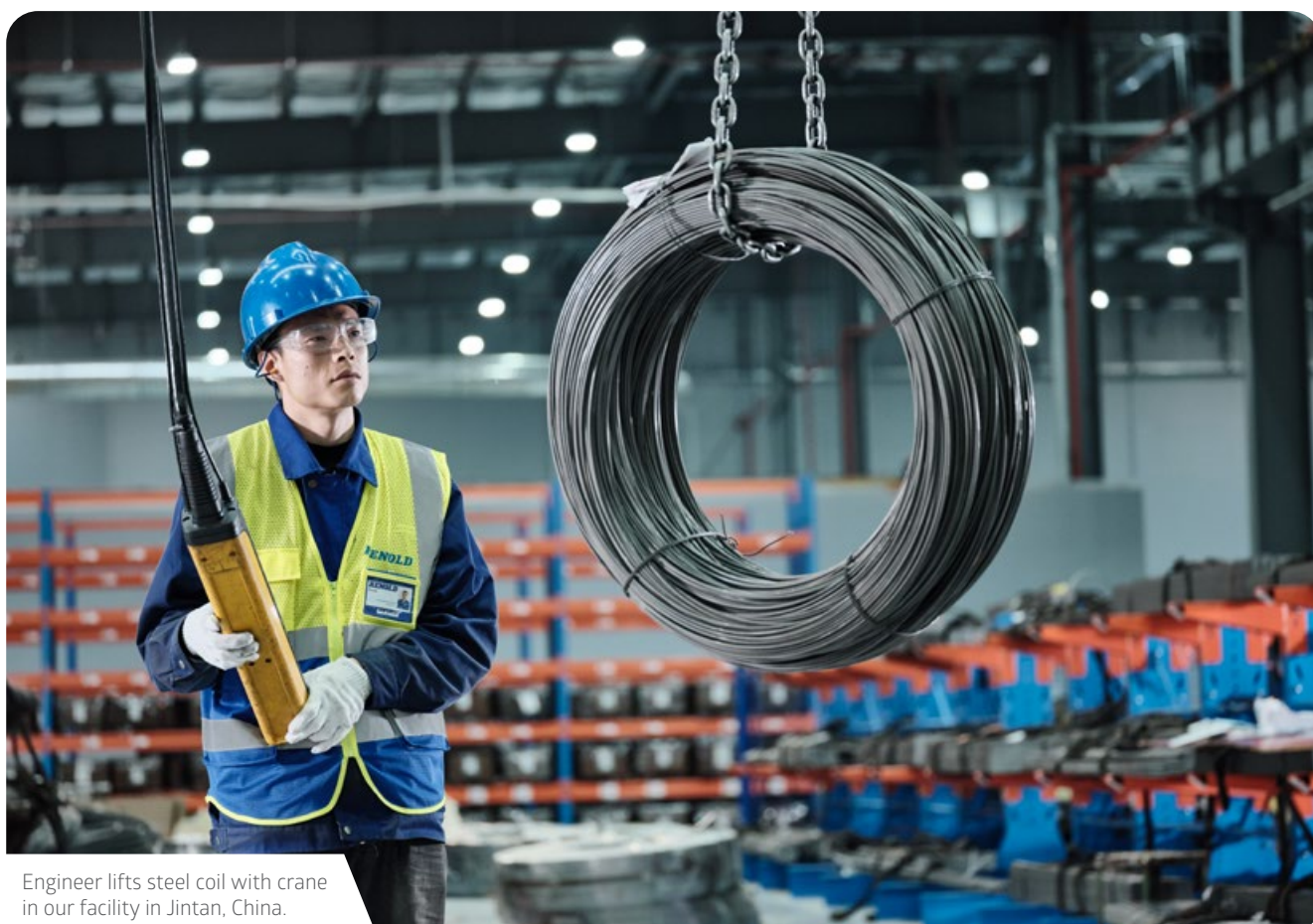
8 July 2025

# Non-financial and sustainability information statement

The table below constitutes the Group's non-financial information statement and sets out where information relating to non-financial climate-related matters can be found in our strategic report, as required under sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Relevant information	Page
A description of the Group's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	○ Climate-related disclosures	32
A description of how the Group identifies, assesses and manages climate-related risks and opportunities.	○ Climate-related disclosures	32
A description of how processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management process.	○ Climate-related disclosures	32
A description of: <ul style="list-style-type: none"> <li>— The principal climate-related risks and opportunities arising in connection with the Group's operations.</li> <li>— The time periods by reference to which those risks and opportunities are assessed.</li> </ul>	○ Climate-related disclosures ○ Principal risks and uncertainties	32 34

Regulation allows the omission of some or all of certain disclosure requirements (CA 2006 s414 CB (2A) (e), (f), (g) and (h)) where these are not considered necessary for an understanding of the business. This exemption has been taken in conjunction with the assessment of climate-related risks on page 32 where it is concluded that none of the climate risks identified by the regional businesses are considered to have a material financial impact upon the Group, after control measures have been applied. See page 32 for further assessment of climate-related risks.



Engineer lifts steel coil with crane in our facility in Jintan, China.

# Stakeholder engagement

## Directors' duties

The Board takes into account the interests of Renold's broad range of stakeholders and due consideration is given to the impact of the Board's decisions and the Group's activities on these stakeholders in accordance with the obligations of Section 172 of the Companies Act.

Section 172 requires the Directors to act in a way they consider would be most likely to promote the success of the Company for the benefit of the members as a whole. In doing so the Directors must have regard to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining high standards of business conduct; and
- f. the need to act fairly between shareholders of the Company.

The table below outlines Renold's key stakeholders and how we engage at different levels through the organisation.

	Our people	Our customers
<b>Why it is important to engage</b>	The calibre and capability of our people are critical to Renold's success. We want our people to be proud of working for Renold and we want to be in a position to attract and retain the best talent.	Our customers are ultimately the key users of our products, and without their continued support, we would not have the potential to grow and develop.
<b>Stakeholders' key interests</b>	<ul style="list-style-type: none"> <li>○ Opportunities for development and progression.</li> <li>○ Fair reward and recognition of performance.</li> <li>○ Stable employment.</li> <li>○ An inclusive and safe environment.</li> </ul>	<ul style="list-style-type: none"> <li>○ High-quality, sustainable products that deliver value.</li> <li>○ A problem-solving capability to resolve issues and improve performance.</li> <li>○ A service ethos that can be relied upon to deliver.</li> </ul>
<b>Ways we engage</b>	<p>'Value our people' is recognised as a core value at Renold. Employees are encouraged to ask questions and raise issues to all levels. This continues through to Board site visits, where the Directors make themselves available to answer questions directly with a broad base of employees.</p> <p>The Chief Executive and Group Finance Director present the annual results and half year results to global management and to all employees based at the Group Head Office. Employees are invited to participate in a question and answer session after each presentation.</p>	<p>We regularly engage with our customer base directly through our sales teams, our technical engineering teams and our operational management teams.</p> <p>At Board level, the broad-based, geographically spread customer base does not support significant direct customer interaction. Through reports from local management teams, monitoring of customer service levels and explicit reports of product issues, the Board ensures customers continue to receive the high-quality products and levels of service that the Renold brand stands for.</p>
<b>Result of engagement</b>	A co-operative Group-wide environment in which all our people work together for the benefit of the Company and the individual.	Development of sustainable products going forward, including lubricant-free and long-life products.

## Principal decisions made in the year:

### Acquisition of Mac Chain

**Key stakeholder groups:** our people, our banking partners, our investors

The Group acquired Mac Chain Company Limited (USA and Canada) on 10th September 2024. During the acquisition we liaised with our banking partners to inform them of the transaction. Following the acquisition we commenced detailed on-boarding procedures to engage with the Mac Chain employees to welcome them to the Group and to implement Renold policies, procedures and reporting requirements. Executive management also engaged with investors to explain the rationale for the acquisition and the resulting synergies.

### Extension of Group banking facilities

**Key stakeholder groups:** our people, our banking partners

In April 2025 we announced that the Group had refinanced its core banking facilities that were due to mature in May 2026. The existing facilities were amended and extended by a period of two years, and will be in place until May 2028.

The existing multi-currency revolving credit facility was increased to £105m from the previous level of £85m. Additionally, the lenders agreed in principle to provide an increased uncommitted £25.0m accordion which will allow the Group to access additional funding.

## Significant new capital investments

**Key stakeholder groups:** our employees, our banking partners, our investors, our customers, our partners

A number of significant investment decisions were made in the year that have enhanced the capabilities of a number of our factories. The investments underwent rigorous analysis including, where appropriate, by the Board. These investments allow the Group to compete better on the world stage, producing products at the right price and with ever increasing technical performance and quality. This creates value for investors, security and more skilled jobs for our people and more opportunities for our partners.

## Response to Valencia flood

**Key stakeholder groups:** our employees, our banking partners, our investors, our customers, our partners

A number of significant replacement investment decisions were made in the year in response to damage of equipment at our Valencia manufacturing facility, following the flooding that occurred during October 2024. The investments underwent rigorous analysis including, where appropriate, by the Board. These investments allow the Group to rebuild manufacturing capability, allowing the Group to recover our existing market share, while competing better on the world stage producing products at the right price and with ever increasing technical performance and quality. This creates value for investors, security for our highly-skilled workforce and more opportunities for our partners.

Our partners	Our investors	Our local communities
<p>The Group is dependent on high-quality goods and services provided by our suppliers and as a result, long-term partnerships are sought for the benefit of all parties.</p>	<p>Our investors are the owners of our business and are critical to supporting future strategic development of the Group.</p>	<p>We recognise our responsibility to the communities in which we operate and our broader responsibilities to reduce the impact of our activities on our environment.</p>
<ul style="list-style-type: none"> <li>○ Clear communication of requirements.</li> <li>○ Fair and timely payment.</li> <li>○ A partnership approach that seeks to provide long-term benefits to all parties.</li> </ul>	<ul style="list-style-type: none"> <li>○ A successful, clearly communicated strategy that is delivering results.</li> <li>○ Delivery of sustainable improvement for the long term.</li> </ul>	<ul style="list-style-type: none"> <li>○ To interact in a considerate manner, being aware of our impact on the areas within which we operate and make a positive contribution.</li> </ul>
<p>The Group generally operates localised supply chains in the territories in which it operates. This allows direct interaction between our supply-chain teams, our business unit management and local suppliers, ensuring short lines of communications and the ability to react quickly.</p> <p>We work closely with our banking partners to ensure that the Group is adequately funded.</p>	<p>The Board is available to all investors at the AGM, and responds to all letters and emails throughout the year.</p> <p>The Executive Directors regularly meet with institutional investors, particularly after full-year and interim results announcements, and feedback received following those meetings is considered by the Board.</p>	<p>The Group interacts with people in the communities in which we operate, supporting charity fundraising activities, education and development initiatives. This encompasses a range of activities including apprenticeship schemes we operate, through to supporting infrastructure projects at schools in India.</p> <p>Read more about our involvement in community projects in local level sustainability initiatives in the past year on page 29.</p>
<p>We are liaising with suppliers to ensure our product supplies are generated from sustainable, low carbon sources.</p>	<p>We have listened to the feedback from shareholders to formulate our sustainability, acquisition and growth strategy.</p>	<p>We are working closely with local communities to develop projects for their benefit.</p>

# Sustainability

At Renold we make sustainability a guiding principle. We strive to act responsibly, balancing the expectations of all our stakeholders, seeking to reduce our impact on the environment and increase our contribution to the communities we operate within.

## Introduction and ambition

Renold’s ambition to become an organisation with sustainability fully embedded in our business remains undiminished. The intent is to meet shareholder expectations while addressing both environmental needs and the interests of our employees, customers and the communities in which we operate. This focus on sustainability, as well as being “the right thing to do”, will contribute to lasting economic success.

The global concern for sustainability is a consideration in our decision making and we continually strive to identify those areas where we can improve and deliver benefit to all our stakeholders. Our overarching approach is to focus on taking action at both a local and global level. Our employees are engaged in the identification and delivery of improvement actions.

Renold has continued to make good progress towards becoming a more sustainable Group.

## Approach, management framework and scope

Renold has adopted a pragmatic approach to sustainability and environmental, social and governance (ESG) matters.

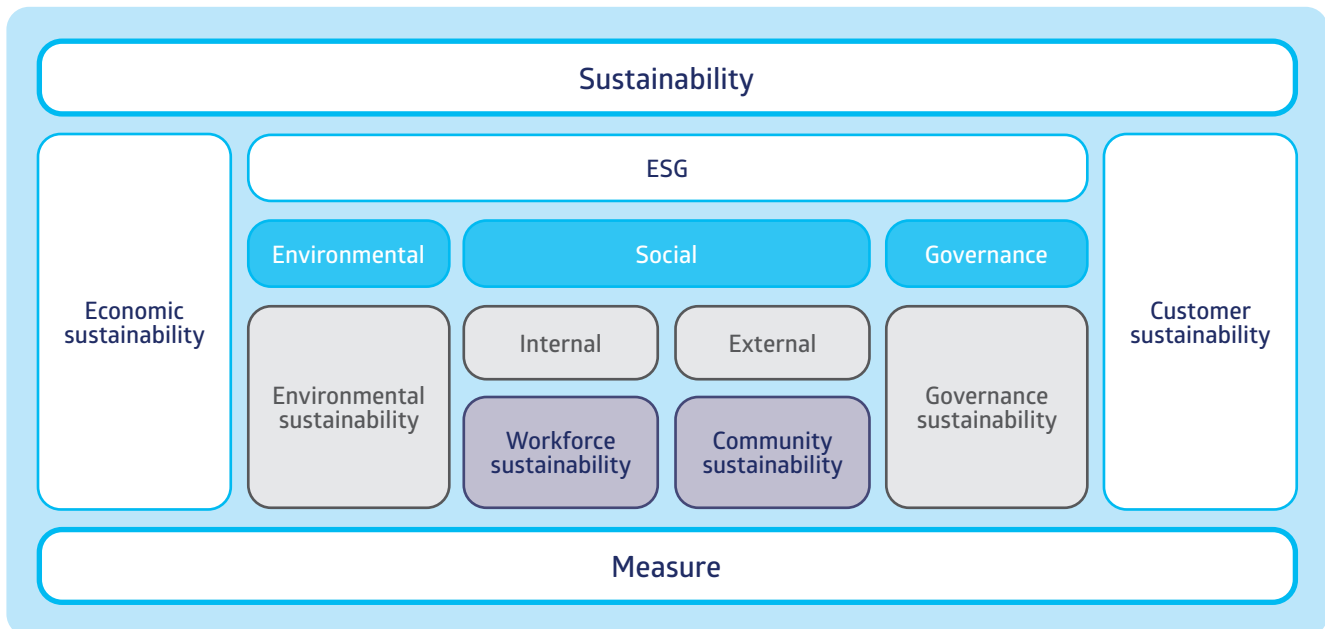
Our Sustainability Steering Group, chaired by the Sustainability Programme Leader, meets regularly. This steering group is responsible for planning our approach, determining what needs to be done, measuring progress and proposing ways to improve.

The Sustainability Programme Leader updates the Board on progress periodically. Climate-related risks are reviewed in line with the approach to risk outlined on page 33, through the Executive Risk Management and Monitoring Committee, which meets three times a year, and with oversight from the Audit Committee.

Using our Sustainability Model’s five pillars and applying our two-pronged approach to driving sustainability actions, both illustrated below, we have identified those areas where our efforts will yield the most impact.

## Renold’s sustainability pillars

Our Sustainability Model, which has now been in place for four years, illustrates how ESG is embedded within a larger Sustainability Framework. This model has been widely communicated across the Group.



## Driving sustainability activities

Renold has a two-pronged approach to driving sustainability. Key, larger scale, sustainability projects that are likely to have significant organisation-wide impact that are ideally delivered with a consistent approach are driven from the Group centre with a “top-down” approach.

Our regional businesses and individual sites around the globe develop their own sustainability road-maps. This ‘bottom-up’ approach to local sustainability projects allows our geographically diverse regional businesses to focus on areas that are important to them and in doing so simultaneously engage our employees.

Sustainability is included in both our Group and regional strategic planning processes.

### Health and safety

Safety is our number one priority. We believe that every work-related incident and injury is preventable and are committed to providing a zero-harm workplace.

Our focus on improving our health and safety performance continues as a strategic key priority and all Renold’s locations across the world operate in accordance with the Group health and safety policy, which is reviewed annually.

Cascading from the policy is the framework, with compliance required at every location. This defines the Board’s expectations regarding health and safety management and performance. The framework is consistent with recognised standards, including the internationally adopted model of Plan-Do-Measure-Act and ISO 45001. The framework consists of eight core components, including a clear leadership commitment, with sub-processes covering hazard assessment, incident management and the management of third parties.

We use an Integrated Risk Management System (IRMS), which provides aligned processes and data mining functionality. This allows sites to manage accident reporting, opportunities for improvement, hazard assessment and to track all improvement actions. Performance data to inform monthly Board reporting and site reviews are extracted from the system.

An independent programme of audits is in place, through which all major sites are audited within a 12-18 month period. These robust audits assess compliance and performance against the framework. Each audit typically takes a week to perform. The audit results, along with other KPIs, are reported each month to the Board. There is particular focus on any serious accidents or near misses, including determining root causes and ensuring updated consistent practices are rolled out across all sites.

#### Group-wide performance:

The Group uses several health and safety KPIs to monitor performance; a comprehensive report is provided for each Board meeting. The report includes a rolling analysis of the KPIs along with other relevant criteria and action planning. These measures are calculated using the internationally recognised standard methodology.

4.59

**Lost time injury frequency rate**

(2024: 5.23)

Over a 12-month period this indicator shows the total number of lost time accidents, irrespective of severity, against the hours worked.

501

**Reportable injury rate**

(2024: 817)

Over a 12-month period this indicator shows the number of accidents greater than three lost days, against the average number of employees in the same period.

151

**Lost time days**

(2024: 462)

The total number of lost days attributable to all accidents in the 12-month period.

5,769

**Safety improvements**

(2024: 2,278)

We drive all our sites to capture and implement safety improvements.

## Group level sustainability initiatives in the past year

Our Group level sustainability activities are focussed on those areas that will have significant and consistent Group-wide impact. Building on last year, energy, packaging and the Renold chain efficiency projects have continued. A new project focussed on understanding and reducing our water consumption across the Group has also been launched.

### Energy project

- Established the Group's underlying energy usage pattern.
- Established a reporting methodology and clearly defined intensity measures.

Most of our intensity measures continue to show a gradually improving trend.

Gathering and reporting this data consistently over an extended period has enabled sites to drive energy reduction activities through local projects.

### Renold chain efficiency project

This project seeks to understand to what degree our chain products provide environmental benefits through more energy efficient running, longer chain life and reduced chain transportation emissions.

Ongoing testing appears to demonstrate that Renold chain has re-lubrication intervals that are likely to be substantially longer than those for a lower cost chain. Renold chain also maintains its initial efficiency for much longer than a lower cost chain.

This has the potential to provide environmental benefits to customers using our products.

Testing and analysis of results is continuing.

### Packaging project

This project focusses on consolidating and simplifying the cardboard packaging and labelling for transmission chain products, introducing environmentally friendly and recyclable materials, whilst reducing cost and operational complexity.

335 box designs have now been consolidated into 29 main box types and the project has been extended to also include our heavy-duty packaging for a total of 38 box types.

The next phase of the project will be to ensure that the boxes function as required by customers whilst remaining recyclable.

### Water project

This newly launched Group project requires major sites to focus on:

- Reducing the volume of water we consume; and
- Reducing the volume of aqueous effluent we produce.

Similar intensity measures to those used in the energy project are being used and data gathered regularly.

We expect that, over time, analysis of this data will yield local projects that will improve our water usage and effluent discharge rates.

## Group level charitable activities

Renold has given financial support to the Outward Bound Trust for many years and we are proud of our association with the Trust. Renold provided sponsorship for a school in the local Manchester area with 57 students between the ages of 11 and 13 attending in the year.

## Local level sustainability initiatives in the past year



Our regional business units and individual sites have, once again, been delivering against their local sustainability road maps. Projects were delivered in all areas of the sustainability framework, with particular emphasis on environmental sustainability and internal and external social sustainability pillars.

It is of particular note that many of our sites have implemented programmes to help support the engagement and wellbeing of their people and local communities. Some notable examples include:

### Volunteering and staff welfare

Milnrow introduced an employee volunteering policy, held monthly health awareness campaigns, held a summer barbeque and introduced winter-ready PPE.

### Gifts for the Angel Tree

Morristown held a community drive for disaster relief for people impacted by the tropical storm Helene. They also continued to run their annual Angel Tree programme which provided over 60 Christmas presents to less fortunate local children and continued to make a substantial contribution to a local charity "The Daily Bread" which provides a food service for those in need. Renold was named as a top contributor by this charity in their 30th anniversary celebrations. Morristown also held an open house employee picnic where families were able to visit the facility, see where their loved ones work and learn more about Renold.



Employees distribute Angel Tree gifts

### Opening classrooms in India

Our facility in Gudalur India ran a blood donation camp, a road safety awareness programme, constructed a washroom and supported the construction of 3 fully equipped classrooms at local schools, arranged a school industrial visit and held a "Women's Day" celebration.



Opening new classrooms in India



Women's Day



Blood drive in India

## Governance sustainability

We operate our business in an ethical and responsible manner and expect all our employees and businesses to conduct themselves with the highest levels of integrity, honesty and fairness. The Renold Statement of Values and Behaviours continues to act as the standard to which we hold everyone in the business.

## Business integrity and ethics

The highest standards of ethical business conduct are required from all our employees in the performance of their duties. Employees may not engage in conduct or activity that could raise questions as to our honesty, impartiality, reputation or otherwise cause embarrassment to the Group. We have a Group Gifts and Hospitality policy under which all employees are required to neither offer nor accept improper or illegal gifts, hospitality or payments.

Every Renold employee has the responsibility to ask questions, seek guidance and report suspected violations of the Group's code of ethics.

The Group is committed to compliance with anti-corruption laws in all countries and operates a zero-tolerance policy. The Group Anti-Corruption policy forms part of that commitment, together with the Gifts and Hospitality policy, both of which are designed to assist Renold employees in meeting corporate and individual obligations under anti-corruption laws including the UK Bribery Act and the US Foreign Corrupt Practices Act. Extensive anti-bribery and corruption training is provided to all relevant employees at least annually.

Other control processes and updates to formal contractual arrangements with agents and distributors have been put in place to ensure compliance with the requirements of the UK Bribery Act and US Foreign Corrupt Practices Act.

The table below shows a breakdown of the gender of employees at different levels in the Group as at 31 March 2025.

	2025			2024		
	Male	Female	Total	Male	Female	Total
Board of Directors	5 83%	1 17%	6	5 83%	1 17%	6
Executive management team (excluding Directors)	4 100%	0 0%	4	3 75%	1 25%	4
Other senior managers	22 71%	9 29%	31	22 71%	9 29%	31
Other employees	1,560 83%	327 17%	1,887	1,494 84%	289 16%	1,783
Total	1,591 83%	337 17%	1,928	1,524 84%	300 16%	1,824

<sup>1</sup> A senior manager is as an employee who has responsibility for planning, directing or controlling the activities of a company or a strategically significant part of a company. While falling within the definition of 'senior manager', the most senior leadership population (below the Board), the Executive Management Team, is shown in a separate category.

## Whistleblowing

Across the Group, we have a well-established employee whistleblowing procedure. This is provided and managed by an external third party. Through this process, employees are able to pass information to the senior leaders in the business about areas of concern to them. This can be done with full anonymity. The number of reports, the nature of them and the business response is regularly reviewed at senior management and Board level.

## Human rights

The Board has overall responsibility for ensuring the Group upholds and promotes respect for human rights and has adopted the definition within the European Convention on Human Rights.

The Group respects all human rights including the right to non-discrimination and fair treatment. The Group's employment policies and procedures reflect principles of equal treatment. Respect for the individual is also enshrined in the Group's Statement of Values and Behaviours.

The Group has not been made aware of any incident in which the organisation's activities have resulted in an abuse of human rights. Following the introduction of the UK Modern Slavery Act 2015, we have published a statement on our website that sets out the steps being taken by the Group to ensure that slavery and human trafficking are not taking place in the business or the supply chain relating to our goods.

The Group is committed to ensuring that our business and business partners do not undertake any activity that contravenes the Modern Slavery Act.

## Diversity

The Group is committed to equal opportunities and operates a non-discriminatory working environment. We always expect our staff and job applicants to be treated equally regardless of age, disability, gender, race, religion, sexual orientation, or any other protected characteristic.

As at 31 March 2025, the Group employed 1,928 (2024: 1,824) people including 275 (2024: 283) in the UK. Of the total number of employees, 337 (17%) (2024: 300 (16%)) are female. The Group recognises that there remains a need to increase diversity throughout the employee population at all levels, including the Board.

## Streamlined energy and carbon reporting programme (SECR)

In the annual report for the year ended 31 March 2024, our emissions intensity measurements were calculated using FY16 exchange rates across all reported periods. To ensure that the baseline intensity metrics provide a more relevant comparison, the Board has made the decision to adjust this approach and recalculate based on FY25 exchange rates, and therefore in this report the figures for 2021 to 2024 have been restated accordingly. The intensity measurement is total reported emissions divided by constant exchange rate revenue. We have also decided to report five years of data on a rolling basis, so that we can more easily track year on year improvements. The numbers reported in the table below reflect these decisions. The GHG Protocol Corporate Accounting and Reporting Standard has been followed where relevant, and this report includes all Scope One, Two and Three emissions as required by SECR for AIM listed companies.

We collect energy usage information from our operating locations on a monthly basis using our Energy Management System. We are continually improving the accuracy and granularity of the data that we collect, and where data is not yet available it is appropriately estimated; this relates to our international offices, where the energy consumption is calculated based on benchmarks for floor areas.

There have been a number of UK energy saving projects implemented this year. These include high level sub-metering of individual machines, improving the out of hours control of compressors

and heating, improving the efficiency of compressed air lines. The reorganisation of the Milnrow factory layout to reduce floor space, and with the addition of a new roof, consequently reduced heating demand by 35% at that facility. This has resulted in the reduction of UK scope 1 fuel usage and emissions in the year.

From the table below it may be noted that our reported total emissions have slightly increased in 2025. This is due to:

- Renold acquiring Mac Chain Company Ltd, based in the US and Canada, during the period.
- A California warehouse being added.

Scope 2 emissions for 2021 to 2024 have been restated in the table below, using corrected published international conversion factors.

Total Scope 1 and 2 reported emissions have increased by 1% in total in FY25, and with revenue using constant exchange rates increasing by 4%, this resulted in the emissions intensity decreasing by 2% this year. Our own energy generation in the year at the Einbeck and Valencia factories was 445.45 MWh, a 31% increase on the previous year. Purchased electricity from renewables increased to 3,537.24 MWh, a 33% increase on the previous year.

	2021	2022	2023	2024	2025
<b>Group GHG emissions (tCO<sub>2</sub>e)</b>					
Scope 1	5,734	7,475	7,091	6,036	<b>5,974</b>
Scope 2 <sup>1</sup>	13,725	16,277	14,499	14,556	<b>14,751</b>
Total Scope 1 and Scope 2	19,459	23,752	21,590	20,592	<b>20,725</b>
Emissions intensity (tCO <sub>2</sub> e per £1m) <sup>2</sup>	120	121	92	87	<b>85</b>
<b>Energy consumption (GWh)</b>					
UK Scope 1 fuel usage	3.6	3.7	3.0	2.2	<b>1.4</b>
RoW Scope 1 fuel usage	26.7	35.7	34.1	29.6	<b>29.8</b>
Total Scope 1 fuel usage	30.3	39.4	37.1	31.8	<b>31.2</b>
UK electricity usage	2.7	2.9	2.7	2.6	<b>2.5</b>
RoW electricity usage	24.0	29.5	28.5	27.8	<b>27.7</b>
Total electricity usage	26.7	32.4	31.2	30.4	<b>30.2</b>
Total generated electricity	0.6	0.8	0.6	0.3	<b>0.4</b>

<sup>1</sup>Scope 2 emissions for 2021 to 2024 have been restated using corrected published international conversion factors.

<sup>2</sup>Emissions intensity is calculated using revenue translated using constant exchange rates.

	2021	2022	2023	2024	2025
<b>SECR Report UK GHG emissions (tCO<sub>2</sub>e)</b>					
Scope 1		715	607	435	<b>273</b>
Scope 2		614	526	533	<b>518</b>
Scope 3		7	2	11	<b>9</b>
UK total		1,336	1,135	979	<b>800</b>
UK emissions intensity		64	50	38	<b>30</b>
UK energy consumption (GWh)		6.7	5.7	4.9	<b>4.0</b>
Percentage of estimated UK data	9%	2%	2%	0%	<b>0%</b>

Figures reported have been independently verified by Carbon Decoded, a specialist energy management consultancy.

# Climate-related disclosures

Renold is required to comply with the climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Renold has embraced these regulations and substantial progress has been made against identified actions, with oversight provided through the Sustainability Steering Group, Leadership Team and the Executive Risk Management and Monitoring Committee meetings.

## Governance

Renold has a well-established Sustainability Steering Group chaired by a member of the senior leadership team. The climate-related disclosures and the oversight of the activity required to meet these is being driven through this group. On a regular basis, the Executive Risk Management and Monitoring Committee (ERMMC) is provided with any updates on progress and any risks identified as relating to sustainability. Where relevant, these risks may be brought before the Audit Committee.

The Chair of the Sustainability Steering Group also provides an update to the Board, on a monthly basis, updating them on any issues and developments relating to sustainability.

Climate-related risks are captured and recorded in our risk management system, along with all other business risks, and are subject to the same regular and diligent review, management, and reporting.

## Strategy

Regional business units are required to include a sustainability and climate-related component in their strategic planning process. This is integrated into the formal structure of the business strategy review process conducted annually. This review involves Executive Directors and senior business leadership.

Sustainability and climate change are integrated components of the Board's strategic planning process, undertaken annually.

Renold's diverse markets, industrial sector positioning and customer portfolio ensures that climate impact on a particular market, industry sector or customer is highly unlikely to have a material impact upon Renold's financial viability. It is becoming increasingly apparent that there are significant advantages for Renold when operating in an environment where end users are increasingly focussed on the sustainability of product manufacture, quality, life and operational efficiency.

## Risk management

All regions have completed a process within their local businesses to identify climate-related risks. This has been completed against a comprehensive management guidance framework.

Renold has recorded all climate-related risks in our risk management system as for all other business risks.

The work completed this year to identify climate-related risks shows that there are relatively few climate-related risks facing the Group.

Where climate-related risks have been identified, they are either not financially material or are mitigated by adequate control measures.

The risks that do exist will continue to be subject to regular review.

## Assessment of climate-related risks

Regional businesses independently identified climate-related risks with a financial impact in their units using a comprehensive CFD risk assessment methodology and guidance framework.

Our approach to the management of climate-related risks identified is aligned with the approach adopted for all other business risks as set out on page 33.

Climate-related risks fall into two broad categories, physical and transitional. In the former, the risks arise from more frequent extreme weather events, either impacting Renold directly or suppliers and supply chains (11 risks) and in the latter, risks are primarily associated with climate change influencing customer, industry or regulatory behaviour (18 risks). Before control measures are applied, none of the risks fall into high impact, high frequency categories. After control measures have been applied, none of these risks are assessed as having a material financial impact upon the Group.

Prior to the events of October 2024, the flooding in Valencia was not recognised either as a business risk, nor one likely to be made materially worse as a consequence of climate change. After the event, the Group undertook an assessment of whether this event is likely to become more frequent or more severe, as a result of climate change, in the future. This review has established that the impact and frequency remains unchanged, with the likelihood of a similar event occurring again estimated as once every fifty years. This risk has been included in our risk register.

The impact of climate change does potentially provide some opportunities for Renold. Initial testing appears to demonstrate that Renold chain has re-lubrication intervals that are likely to be substantially longer than those for a lower cost chain. Renold chain also maintains its initial efficiency for much longer. It is anticipated that these potential features will provide environmental benefits to our customers, making the chain a more attractive proposition when compared to our competitor's products.

## Future climate-related risk activity

Building upon existing progress, Renold will continue to review and strengthen the focus on climate-related risks. We expect to further improve our overall identification and evaluation of climate-related risk over the longer term.

# Our risks

## Proactive risk management is a key business process at Renold and is used to help management create and protect value.

The Board is responsible for determining Renold's risk appetite and risk management strategy. The Board acknowledges that the Group is exposed to risk during the normal course of business and must be willing to accept an appropriate level of risk in order to achieve its strategic objectives. The Board's attitude to risk management and its appetite for risk can be described as 'tending to risk averse'. The Board is supported by the Audit Committee, Executive Risk Management and Monitoring Committee and the internal audit and risk function.

Roles and responsibilities for managing risk are clearly defined at all levels of the Group.

## Our approach to risk

Renold's risk management framework is designed to identify and assess the likelihood and impact of risks, in order to implement mitigating actions.

Our process combines a 'bottom-up' and 'top-down' approach, ensuring that all material risks are identified, that central and local management are aligned and that management take ownership of their risks and implement mitigating controls.

In order to maintain a robust risk management process, we actively share best practice across our operating locations, guided by our internal audit and risk function and utilise local 'on the ground' experience and knowledge of specific risk factors.

Risk workshops involving local and functional staff, along with the internal audit and risk function, are also used to develop risk profiles and action plans.

Risks are assessed against the framework defined in our Group Risk Management Policy, which considers:

- The likelihood of a risk materialising; and
- The potential impact if the risk does materialise – impact definitions cover a range of financial and non-financial criteria.

Our model also considers each risk from an inherent (before mitigation) and residual (after mitigation) perspective.

This allows us to identify the impact of controls on reducing the underlying inherent risk.

## Audit Committee

The Audit Committee monitors matters relating to financial risk and provides its recommendations to the Board.

## Executive Risk Management and Monitoring Committee (ERMMC)

The ERMMC is chaired by the Chief Executive and meets at least three times per year. The ERMMC comprises the Executive Directors, other senior members of the business and Internal Audit. All ERMMC minutes are reviewed and discussed by the Board and the Audit Committee (where financial related-risk is concerned). A detailed risk management status report is presented to the ERMMC, which provides insight on existing and newly identified material risks and updates on mitigating actions. This report is compiled using a bottom-up and top-down approach; every site-level management team has the ability to report newly identified risks via the Group's risk management system, and these risks are reviewed and challenged for completeness by the internal audit and risk function.

Local and divisional management present to the ERMMC on a cyclical basis, or more regularly as required. The ERMMC challenges the completeness of local risk registers and action identification and progress. The Committee reviews the consistency and accuracy of risk scoring and the success of mitigating actions. Examples of areas discussed during the year include: business interruption, health and safety, climate change, cyber security, business terms and conditions, and availability and cost of energy and labour. The ERMMC is also provided with information in the form of reports on health and safety, climate-related financial disclosures, material litigation, insurance, data protection and whistleblowing on an ongoing basis.

## Internal audit and risk function

The internal audit and risk function is provided by an outsourced professional services firm, who facilitate the end-to-end risk management process and ensure consistency of approach across our operating regions and compliance with Group policy.

## How we manage risk

Having identified the risks, our Group policy prescribes the expected level of response, depending on where they sit on the risk heat map included on page 34.

- **Green:** Ongoing monitoring in place;
- **Amber:** Some actions are required in order to reduce the residual likelihood or impact of the risk;
- **Red:** High combination of residual probability and impact. Urgent management actions are required to mitigate the risk; and
- **Grey/Black:** Risks that are deemed to have such an impact that they could theoretically affect the ability of the business to continue in existence. Detailed plans (e.g. business continuity plans) and urgent management actions are required to mitigate the risk.

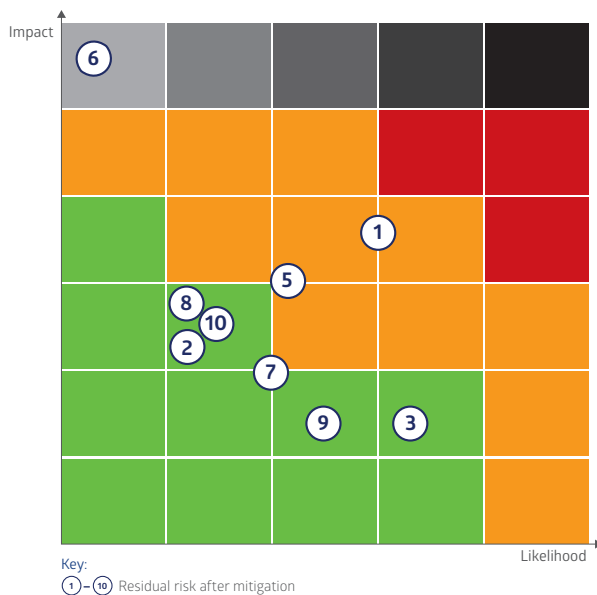
Where the reduction or removal of the risk is not possible, the Group formulates a management action plan to respond to the risk and mitigate the impact should the risk materialise (e.g. business continuity plans).

# Principal risks and uncertainties

## Governance and culture

A robust assessment of the principal and emerging risks has been undertaken by the Board, together with continual monitoring of significant risks. The Board has re-assessed the risks we face whilst progressing the strategic plan alongside wider market trends and the macroeconomic and geopolitical backdrops. No new matters have been identified which require inclusion in the Group's principal risks. This assessment is reflected in the principal risks and uncertainties, being those which could have a material impact on the Group, as set out on pages 35 to 39 and reflected in the risk map below.

We do not believe that climate change is a stand-alone principal risk, and instead believe that it should be assessed in an integrated way within our existing risk management processes. We recognise that the effect of climate change may have an impact, to a greater or lesser extent, across many of our existing principal risks, however, we do not believe this to have a material impact on our principal risk assessment at this time. As with all risks, we will continue to monitor the evolving situation over time.



- ① Macroeconomic and geopolitical volatility
- ② Strategy execution
- ③ Product liability
- ④ Health and safety in the workplace<sup>1</sup>
- ⑤ Security and effective deployment and utilisation of IT systems
- ⑥ Prolonged loss of a major manufacturing site
- ⑦ People and change
- ⑧ Liquidity, foreign exchange and banking arrangements
- ⑨ Pensions deficit
- ⑩ Legal, financial and regulatory compliance

<sup>1</sup> The risk associated with health and safety in the workplace (4) is not represented on the risk heat map. The risk heat map assesses a financial impact against a likelihood of an event occurring. As health and safety relates to the wellbeing of employees and others, it is not felt appropriate to assess this against a financial measure.



An associate opening the door of a new integral quench furnace recently installed in Morristown, USA, to remove a batch of completed components.

<b>1</b> Macroeconomic and political volatility	<b>Medium   Increasing</b>
<p><b>Risk and potential impact</b></p> <p>Material changes in prevailing macroeconomic or geopolitical conditions could have a detrimental impact on business performance. We operate in 18 countries and sell to customers in over 100, therefore we are exposed to multiple economic and geopolitical risks.</p> <ul style="list-style-type: none"> <li>○ Commodity and energy prices could have a negative impact on demand in the supply chain.</li> <li>○ Changes to tariffs and import duties could distort customer buying decisions.</li> <li>○ Foreign exchange volatility could impact customer buying, or the need to rapidly switch supply chains.</li> </ul>	<p><b>Mitigation and control</b></p> <p>Our diversified geographic footprint, and increasing product standardisation, provide some degree of flexibility and improved supply chain resilience, whilst actions to lower the Group's overall break-even point and increase flexibility in overheads also serves to reduce the impact of any global economic slowdown. Renold has demonstrated the ability to manage costs in response to revenue shocks, protecting profitability and returns.</p> <ul style="list-style-type: none"> <li>○ A focus on 'predict and respond', e.g. sales forecasting and raw material price monitoring, leading to operational change such as sales price increases or cost reductions.</li> <li>○ Active monitoring of stock levels and customers in relevant geographies to identify any issues early.</li> <li>○ We have a good level of liquidity, with access to sufficient multi-currency debt facilities.</li> </ul>

<b>2</b> Strategy execution	<b>Low   Unchanged</b>
<p><b>Risk and potential impact</b></p> <p>The Group's ongoing strategy requires the co-ordinated delivery of several complex projects. Part of the Group's strategy is to grow through selective acquisitions. Performance of acquired businesses may not reach expectations, impacting Group profitability and cash flows.</p> <ul style="list-style-type: none"> <li>○ While these projects are designed to deliver targeted benefits, they have the potential to negatively impact the Group's operations if not appropriately managed.</li> <li>○ When completing acquisitions, value can be lost through overpaying, missing key issues in due diligence, value leakage through poor contract negotiation, poorly planned or executed integration phases, or failure to deliver anticipated benefits during 'business as usual'.</li> </ul>	<p><b>Mitigation and control</b></p> <p>The successful acquisitions of Mac Chain (2024), Davidson Chain (2023), YUK (2022) and the Brooks Conveyor Chain business (2021), demonstrate our ability to manage risk associated with our acquisition strategy.</p> <ul style="list-style-type: none"> <li>○ The Board reviews progress against the different strategic projects in each of its meetings. This is based on a regularly updated report from the CEO, which groups the individual projects into themes linked directly to our strategic objectives. A stable management team, with appropriate skills and experience, is in place to deliver the well-defined Group Strategy. This is supported by the Group's long-term credit facility which was renewed in May 2023.</li> <li>○ External advisers are utilised where special expertise or new capabilities are required, or where insufficient capacity is available in-house.</li> <li>○ Monitoring of specific acquisition targets: Business acquisition process incorporating concept evaluation, business case, indicative offer/heads of terms, due diligence, and integration planning, execution and post integration appraisal, which in turn feeds back to the business acquisition process.</li> </ul>

# Principal risks and uncertainties CONTINUED

## 3 Product liability

Low | Unchanged

### Risk and potential impact

A failure in one of our products resulting in serious injury, death, damage to property or non-compliance with product regulations.

The risk that products are not manufactured to contractually agreed specification or additional customers' requirements.

- Non-compliance with quality standards.
- Financial loss.
- Reputational damage.

Growth in the TT product sales which are generally higher value could carry a higher product liability risk.

### Mitigation and control

- Standard terms and conditions of sale are utilised, which are appropriately reviewed by the in-house Legal Counsel and external advisers as appropriate. These cap financial exposure and exclude consequential losses. Non-standard terms and conditions of sale must be approved by the in-house Legal Counsel and senior executives in line with the Group authority matrix, following, where necessary, thorough external legal and commercial review.
- Strict quality processes are adhered to, and our manufacturing locations maintain industry-relevant accreditations.
- Potential damages resulting from this risk are fully or partially covered through the Group's various insurance policies.
- Legal self-assessment checklists are completed by all operating locations and are reviewed by in-house legal counsel, to identify any potential non-standard terms and conditions.

## 4 Health and safety in the workplace

High | Unchanged

### Risk and potential impact

The risk of death or serious injury to employees or third parties associated with Renold's worldwide operations.

We are proud of the progress we have made in recent years but recognise that we have more to do.

Accidents caused by a lack of robust safety procedures could result in life-changing impacts for employees, visitors or contractors. This will always be unacceptable. In addition, accidents could result in civil or criminal liability for both the Group and the Directors and officers of the Group and Group companies, leading to financial loss or reputational damage.

No matter what mitigating actions are undertaken, there remains a risk of death or serious injury. We therefore continue to assess the risk of the highest possible impact, but through the mitigation actions seek to reduce the likelihood.

### Mitigation and control

Group policies and a Group-wide management system (known as the Health and Safety Framework) set control expectations. A rolling programme of health and safety audits assesses compliance against the framework.

- Continual hazard assessments ensure awareness of risks.
- Tracking of accident rates and root cause analysis, plus monthly Board reporting focussed on a range of KPIs.
- Specific initiatives include the BAT (Be safe; Act safe; Think safe) safety programme and the Annual Health and Safety Awards Scheme to recognise success.
- Proactive identification and management of emerging risks.

Significantly improving our health and safety performance continues to be our number one objective.

## ⑤ Security and effective deployment and utilisation of information technology systems

Medium | Unchanged

### Risk and potential impact

We seek to leverage the use of IT to achieve competitive advantage. The Group continues to globally implement a single suite of integrated IT tools to replace numerous legacy systems which inherently brings with it the risks associated with a large-scale change programme.

The threat from cyber-attacks, and therefore security of our IT systems, is constantly evolving. The frequency of attacks is increasing, and the nature of such attacks are becoming more sophisticated. The risk to our Group, our supply chains and our customers is ever present.

- Interruption or failure of IT systems (including the impact of a cyber-attack) would negatively impact or prevent some business activities from occurring. If the interruption were long lasting, significant damage could be done to the business.
- It is essential that we are able to rely on the data derived from our business systems to feed routine but fundamental business performance monitoring.
- An unsuccessful implementation of the global ERP system has the potential to materially impact that site's, and possibly the Group's, performance.

### Mitigation and control

Our new ERP and associated systems have been successfully implemented at several locations, whilst our legacy platforms are maintained in the short term. Phased implementations improve the quality of successive rollouts. We recognise that cyber threats are ever increasing and we continue to invest in additional capability and controls to defend against such threats.

- We use specialist external consultants and recruit experienced personnel.
- We utilise a range of preventative and detective controls to manage the risk of a cyber-attack, including technical solutions in addition to employee training programmes.
- Regular system maintenance and upgrades ensure known vulnerabilities are protected.



Automated milling and turning machine centre being configured at our site in Milnrow, UK.

# Principal risks and uncertainties CONTINUED

## 6 Prolonged loss of a major manufacturing site

High | Unchanged

### Risk and potential impact

A catastrophic loss of the use of all or a significant portion of a strategic production facility. The prolonged loss of certain larger plants has the potential to impact the viability of the Group. This could result from an accident, a strike by employees, a significant disease outbreak, major disruption to supply chains, fire, severe weather or other causes outside of management control.

- In the short and long term, a related risk event could adversely affect the Group's ability to meet the demands of its customers.
- Specifically, this could entail significant repair costs or costs of alternative supply. A significant proportion of the Group's revenue is on relatively short lead times and a break in our supply chain could result in loss of revenue. All of this translates into lower sales and profits and reduced cash flow.

### Mitigation and control

We continue to enhance the manufacturing capabilities and operational processes at a number of our manufacturing locations through investment in equipment and additional training, aiming to reduce reliance on single geographical locations. We maintain, develop and enhance our business continuity plans, such that the impact of business interruption is minimised in the event it occurs.

- Preventative maintenance programmes and new investments to reduce risk of interruption of manufacturing.
- A Group fire safety policy mandating preventative, detective and containment controls.
- A geographic spread of alternative manufacturing capacity exists for a growing portion of the Group's product range.
- Inventory is maintained to absorb shorter-term raw material supply and production volatility risks.
- Comprehensive insurance policies mitigate the impact of a number of these risks, albeit subject to claim limits.

## 7 People and change

Medium | Unchanged

### Risk and potential impact

The Group's operations are dependent upon the ability to attract and retain the right people with an appropriate range of skills and experience. Succession planning and the ability to swiftly replace staff retiring or leaving is also critical.

- Failure to retain, attract or motivate the required calibre of employees will negatively impact business performance.
- The delivery of the Strategic Plan and our strategic goals may also be delayed.

### Mitigation and control

The employment market remains competitive. However, we continue to attract and retain high calibre individuals. We maintain positive relationships with our employees and have, where possible, worked in partnership to achieve mutually agreeable pay awards and working arrangements.

- Competitive reward programmes, focussed training and development, personal development and talent retention programmes.
- Ongoing reviews of succession plans based on business needs.
- Management team strengthened with new capability from external hires and internal promotions.
- The Renold Values, launched in 2015, are embedded and are linked to recruitment processes for new employees.



## 8 Liquidity, foreign exchange and banking arrangements

Low | Unchanged

### Risk and potential impact

A lack of sufficient liquidity and flexibility in banking arrangements could inhibit the Group's ability to invest for the future or, in extremes, restrict day-to-day operations.

- Potentially cause under-investment and sub-optimal short-term decision making.
- Limiting investment could prevent efficiency savings and reduce competitiveness.
- In an extreme situation, the Group's ability to operate as a going concern could also be jeopardised.

### Mitigation and control

The Group remained comfortably within banking covenants throughout the year and retains a strong cash position.

- The Group's primary banking facility expires in May 2028 and is fully available given current levels of profitability. We continue to maintain a positive relationship with our banking providers.
- Rolling foreign exchange contracts cover expected future cash flows.

## 9 Pensions deficit

Low | Reducing

### Risk and potential impact

The principal risk is that short-term cash funding requirements of legacy pension schemes divert investment away from the Group's operations.

Secondly, the size of the reported balance sheet deficit can operate as a disincentive to potential investors or other stakeholders, limiting the Group's ability to raise financing on capital markets.

- The pace of the Group's performance improvement could be slowed if cash has to be diverted to the pension schemes.
- Reduced equity or debt financing could, limit the strategic options open to the Group.

### Mitigation and control

The size of the reported balance sheet deficit has continued to reduce in the year, primarily due to the cash contributions which remain known and forecastable.

- We maintain a good relationship with pension trustees.
- Specialist professional advice is obtained to help us manage the associated liabilities and risks.
- The major UK pension cash flows (over 75% of all defined benefit pension cash costs) are stable, known and defined under the 25-year asset-backed funding scheme put in place during 2013. A further 20% of the annual pension cash flows are pensions in payment in Germany in a mature arrangement that has passed its peak funding requirement.

## 10 Legal, financial and regulatory compliance

Low | Unchanged

### Risk and potential impact

The risk of censure, fine or business prohibition because of any part of the Group failing to comply with current, changing or new regulatory or legal obligations. Many of the Group's business activities are subject to increasing regulation and enforcement by relevant authorities.

Failure by the Group or its representatives to abide by applicable laws and regulations could result in:

- Administrative, civil or criminal liability.
- Significant fines and penalties.
- Suspension of the Group from trading.
- Reputational damage.

### Mitigation and control

The Group clearly communicates and promotes a compliance culture:

- Risk assessments and ongoing compliance reviews at least annually at all major locations with nominated managers at every business unit.
- Published up-to-date policies and procedures with clear guidance and training issued to all employees.
- Financial control assurance and legal compliance monitoring through internal audit and a control self-assessment process.
- Self-certification from every operating region that internal controls have been complied with and that legal compliance has been maintained and is reviewed on at least an annual basis. All units and functions in the Group are subject to internal audit on a regular risk-based cycle. Any non-compliance reported is reviewed by the Audit Committee.



# Governance report

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## Case study

## Forestry industry



### What is it used for?

Renold Mac Chain welded steel chains are used mostly in the wood products industry. Applications include log processing decks and log conveyors.



### Why Renold?

Renold Mac Chain is a leading manufacturer of welded steel conveyor chains with proven reliability in many abrasive wear and impact applications, operating in an extreme range of temperatures and conditions.

# Chair's letter

## Dear Shareholder,

On behalf of the Board  
I am pleased to present the  
Governance report for the year  
ended 31 March 2025.

As Chair of the Board, I am responsible for ensuring the highest standards of corporate governance at Renold, working closely with the other members of the Board and the Company Secretary.

As a Board we recognise the value and importance of good corporate governance and are fully aware of our duties and responsibilities to the Group's stakeholders. In this section of the Annual Report we set out our approach to governance and seek to provide shareholders and stakeholders with a clear understanding of how we discharge our governance duties and apply the principles of good governance. We appreciate the importance of upholding these principles, not only for compliance purposes, because we recognise that good governance reduces risk and adds value to the business.

The Board continues to believe strongly in operating to the highest standards of ethical business conduct and in the importance of setting the right 'tone from the top'. These principles are reflected in the statement of our Values and Behaviours which Renold requires adherence to by all employees in the performance of their duties. These principles are consistent with the Group's objective to deliver organic revenue growth, at least in line with GDP, in an ethical and sustainable manner. The Board monitors and promotes a healthy culture through stakeholder engagement and responding to stakeholders' key interests, as discussed in the Stakeholder engagement section on page 24.

We are and will remain, vigilant to developments in corporate governance and ethics, whether in legislation, regulations or codes of practice.

When the Company moved its listing to AIM, it elected to adopt the QCA Code as its principal corporate governance code. The QCA issued a revised version of their Code on 13 November 2023 which applies to financial periods commencing on and from 1 April 2024. The Board considers that the Company has complied with all provisions set out in the revised QCA Code in the financial period to 31 March 2025 as described further in this section of the Annual Report.

The QCA Code is available from the QCA website, [www.theqca.com](http://www.theqca.com)

Our compliance with AIM governance principles can be understood by viewing the AIM Rule 26 compliance segment of the Investors section of the Group's website at [investors.renold.com](http://investors.renold.com).

## DAVID LANDLESS CHAIR

8 July 2025



Automated roller chain assembly line in our factory in Einbeck, Germany

# Board of Directors

## Committee memberships key:

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- E** Executive Risk Management and Monitoring Committee

The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed.

On these pages, we set out the age, tenure and biographical details of each Board member.

## Meetings attended<sup>2</sup>

All members of the Board attended every Board and Committee meeting held during the year, as below.

<b>Board meetings</b>	6/6
<b>Audit Committee meetings<sup>1</sup></b>	4/4
<b>Nomination Committee meetings</b>	3/3
<b>Remuneration Committee meetings</b>	6/6

<sup>1</sup> David Landless attended Audit Committee meetings or part thereof by invitation.

<sup>2</sup> Robert Purcell and Jim Haughey attended Audit, Nomination and Remuneration Committee meetings or part thereof by invitation.



**DAVID LANDLESS**

**Chair**

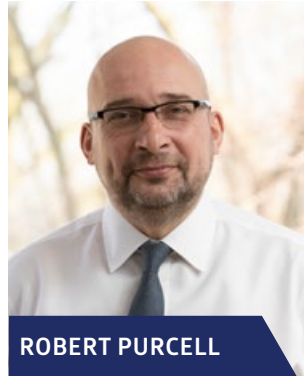
### Committee memberships:

- N**
- R**

**Appointment:**  
January 2017

### Experience

David, aged 65, was appointed to the Board as a Non-Executive Director on 9 January 2017, became Chair of the Audit Committee on 19 July 2017 and was appointed as Senior Independent Director on 13 November 2019. David became the Chair of Renold on 23 August 2021. As a fellow of the Chartered Institute of Management Accountants, David has significant experience at senior levels of international businesses in the industrials sector. He was most recently Group Finance Director of Bodycote plc from 1999 until his retirement on 1 January 2017. Prior to that, he held a range of finance roles for 15 years at Courtaulds in the UK and US, latterly as Finance Director of Courtaulds Coatings (Holdings) Limited, from 1997 to 1999. David is currently a Non-Executive Director of Ausurus Group Limited, which is the holding company for European Metal Recycling Limited as well as a Non-Executive Director and Chair of the Audit Committee of Innospec Inc. He was a Non-Executive Director of Luxfer Holdings plc from 2013 until June 2022, serving as Chair from May 2019 until March 2022.



**ROBERT PURCELL**

**Chief Executive**

- E**

**January 2013**

Robert, aged 63, joined the Group on 21 January 2013 as Chief Executive. Prior to joining Renold, Robert was Managing Director of Filtrona plc's Protection and Finishing Products Division. He has also held a Managing Director role at Low and Bonar plc within its technical textiles business. His early career was in operational management within Courtaulds plc, during which time he gained an MBA from the Cranfield School of Management.



**JIM HAUGHEY**

**Finance Director**

- E**

**October 2020**

Jim, aged 58, was appointed to the Board as Finance Director on 1 October 2020. He is a member of The Institute of Chartered Accountants in England and Wales and has significant experience at a senior level within international industrial businesses. He spent 15 years working in senior financial positions with FKI plc and Bridon Group, and spent eight years as Group Financial Controller at Bodycote plc. More recently he held the positions of Group Finance Director at Mpac Group plc and Finance Director of Drive DeVilbiss Healthcare.



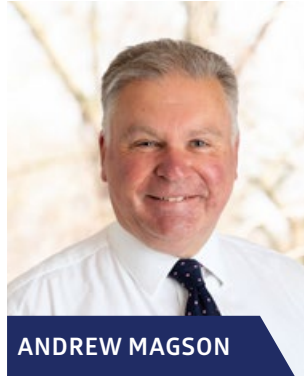
TIM COOPER

Senior Independent  
Non-Executive Director



November 2018

Tim, aged 66, was appointed as a Non-Executive Director of Renold in November 2018. He is Chair of the Remuneration Committee, a position he has held since November 2019. In August 2021, Tim was appointed as the Senior Independent Director. Tim was an Executive Director of Victrex plc, a position he held from October 2012 until 30 September 2019, having joined the company as Managing Director of Victrex Polymer Solutions. Tim has over 40 years of international business management and commercial experience, having held senior leadership positions in a number of industries. Prior to joining Victrex, Tim held Managing Director positions in the Umeco plc group, Tellermate plc and Avery Berkel Limited, having developed his international career with GEC, BP and Land Rover. Tim is currently the Senior Independent Non-Executive Director and Chair of the Remuneration Committee of Chesterfield Special Cylinders Holdings plc and Independent Non-Executive Director and Chair of the Remuneration Committee of NWF Group plc.



ANDREW MAGSON

Non-Executive Director



December 2020

Andrew, aged 58, was appointed to the Board on 1 December 2020. On 23 August 2021, Andrew was appointed as Chair of the Audit Committee. Andrew, a Fellow of The Institute of Chartered Accountants in England and Wales, has career-long experience working in international industrial and manufacturing businesses owned by UK public companies. He was previously Group Finance Director of The Alumasc Group plc from 2006 until 2020. Prior to that, he was Group Financial Controller and Senior Corporate Finance manager at BPB plc as it grew to become a FTSE 100 company. Andrew spent his earlier career at PwC in London where he was a Senior Manager, gaining significant experience in Audit and Corporate Finance. Andrew is also Non-Executive Chair of Hardide plc and a Pension Trustee and Chair of the Investment Committee at the Alumasc Group Pension Scheme.



VICKI POTTER

Non-Executive Director



May 2022

Vicki, aged 53, was appointed to the Board as a Non-Executive Director on 3 May 2022. She has broad management experience in international engineering and manufacturing companies. In January 2025, Vicki was appointed as the Chief Human Resources Officer for Bodycote plc, a global FTSE 250 precision heat treatment and performance metallurgy services company. Prior to that she was CHRO and Customer Services Director for Oxford Instruments plc having joined Oxford Instruments in 2011 and appointed to the management board in 2016. Vicki has a degree in Electrical and Electronic Engineering and an MA in Human Resources Management. Prior to working with Oxford Instruments, Vicki held engineering, project and operations management roles at Pepsico Inc. and ICI plc.



ANDREW BATCHELOR

Group General Counsel and  
Company Secretary

July 2018

Andrew, aged 60, was appointed to his role in July 2018. Andrew has extensive experience in private practice, becoming a partner with the law firm Edge Ellison, then continuing his career in-house as the General Counsel and/or Company Secretary to a variety of UK main market-listed companies. His previous roles include JD Sports Fashion plc, Promethean World plc and Itnet plc. Andrew has also held the roles of Head of Risk and General Counsel for the large private company retailer, Wilko.

# Corporate governance report

## Compliance with corporate governance

The Group is committed to high standards of corporate governance in order to facilitate efficient, effective and entrepreneurial management of the Company. The Board acknowledges its contribution to achieving management accountability, improving risk management and ultimately to creating shareholder value over the longer term.

When the Company re-listed on AIM, it elected to adopt the QCA Code as its principal corporate governance code and the Board's compliance for the year ended 31 March 2025 is therefore measured against the requirements of the QCA Code. The Board considers that the Company has complied with that commitment and with all provisions set out in the QCA Code (as updated in November 2023) (QCA Code) that are applicable to it throughout the year ended 31 March 2025.

The QCA Code is available from the QCA website, [www.theqca.com](http://www.theqca.com).

## Board composition, responsibilities and activities

### Membership of the Board

The Board continues to have a balance of Executive and Non-Executive Directors. The QCA Code recommends that there should be a minimum of two Non-Executive Directors and half of the Board should comprise Non-Executive Directors. Currently, the Board comprises a Non-Executive Chair, three Non-Executive Directors and two Executive Directors.

The Executive Directors are contracted to provide their full time and attention to the business of the Group, whilst the Non-Executive Directors are engaged to discharge their respective functions with an anticipated minimum commitment of 20 days per year.

### Directors' independence and conflicts of interest

Principle 5 of the QCA Code states that independence is a Board judgement. The key factors considered by the Board when determining independence are:

- tenure (no Non-Executive Director has served more than nine years in office)
- other commitments (each of the Non-Executive Directors has other roles but none are considered to impinge upon or adversely affect the time commitment required by the Company to perform their respective roles)
- attitude and behaviours demonstrated at meetings (which highlights the approach of the Non-Executive Directors in practice).

Each of the Non-Executive Directors are considered to be independent.

The Company has procedures in place to monitor Directors' conflicts of interest. The Directors are required to declare their interests, and those of their connected persons on an annual basis and in the event of any change of circumstances. During the period, no Director has, or has had, any interest in any contract, transaction, or arrangement that is, or was in conflict with the interests of the Company. All Directors hold shares in the Company. The Non-Executive Directors have insignificant shareholdings in the Company as can be seen on page 55 of the Directors' remuneration report. No Director holds more than 3% of the issued share capital of the Company.

## Responsibilities of the Board

The Board is collectively responsible for the effective oversight of the Group and its businesses.

In addition, it is responsible for strategic business planning, including reviewing succession planning, risk management and the development of Group policies in areas such as health, safety and environmental matters and Directors' and senior managers' remuneration and ethics. The Executive Directors have authority to deal with all other matters affecting the Group.

The Board has approved a schedule of reserved matters to ensure that it takes all major strategy, policy and investment decisions affecting the Group. As part of the Board's oversight of operations, it must ensure maintenance of a sound system of internal control and risk management.

Feedback is provided to the Board following presentations to investors and meetings with shareholders in order to ensure that its members, and in particular Non-Executive Directors, develop an understanding of the views of major shareholders about their Company.

## Matters reserved for the Board

High-level decisions on certain matters are reserved for the Board and Board Committees (Schedule of matters reserved for the Board). These include the Group's strategy, corporate governance framework, investor relations, capital structure and significant contracts. Details of the matters that are reserved for consideration by the Board and Board Committees can be downloaded from our corporate website ([investors.renold.com](http://investors.renold.com)).

## Board and Committee membership and attendance

The Board meets on a regular basis with an agenda and necessary papers for discussion distributed electronically in advance of each meeting via Board portal software, Diligent. Agenda items are agreed in advance and the principal items are set out in an annual planning schedule. The meetings are scheduled to coincide with the internal financial reporting timetable of the Company and key events, including interim and final results, and the AGM.

The Board's responsibilities are discharged by way of scheduled Board meetings. In addition, the Board reviews written reports in months where there is no meeting and convenes ad hoc meetings during the year in order to resolve matters by written resolutions to deal with specific business requirements.

Routine announcements to AIM are approved by a Disclosure Committee which is constituted by any two Directors whilst ad hoc Board Committees are established from time to time to address specific projects.

The number of meetings of the Board and its key Committees during the year and individual attendance by Board and Committee members at those meetings are shown on page 42. Six Board meetings have been held this year.

## Board evaluation and effectiveness

The Board recognises that evaluation of its effectiveness is important in enabling it to realise its maximum potential. A formal process for evaluating the performance of the Board, its members and its Committees is conducted annually. This process gives the Directors an opportunity to identify areas for improvement both jointly and individually through the use of questionnaires and/or open discussion. An evaluation of the Chair is also carried out annually, led by the Senior Independent Non-Executive Director.

In addition, evaluations of the Audit Committee, the Nomination Committee and the Remuneration Committee were also carried out during the year.

The evaluation process commences with the completion of a written questionnaire for each separate review, compilation of a summary of the results and feedback obtained and then discussion between the participants. The subsequent Board discussion highlighted a number of areas where objectives might be set by the Board and practical issues for consideration. The Board has continued to allocate separate time for review and consideration of the Strategic Plan.

The evaluation process also included a number of discussions during the year between the Chair and the Non-Executive Directors, without the Executive Directors present, to discuss feedback arising from the process and the performance of each Executive Director. The Senior Independent Director also met with the other Directors as part of the Chair's performance evaluation process. The evaluation process for the current year produced higher marks than in the previous year.

## Election of Directors

In accordance with Principle 6B of the New QCA Code, all Non-Executive Directors are subject to annual re-election.

Biographical and experience details of the Board appear on pages 42 and 43. Further details of the Executive Directors' service contracts and letters of appointment are set out in the Directors' remuneration report.

## Governance structure



## Shareholder engagement

Communications with shareholders are given high priority and are made in a number of ways. The Board is accountable to shareholders and therefore, it is important for the Board to appreciate the requirements of shareholders and equally that shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of longer-term goals. The Non-Executive Directors make themselves available to shareholders on request, can attend shareholder visits at Company sites and are available for discussions with analysts and the Company's joint brokers Peel Hunt and Cavendish Capital Markets.

The reporting calendar is driven by the publication of interim and final results each year, in which the Board reports to shareholders on its management of the Company. Formal regulatory news service announcements are also made in accordance with the Company's reporting obligations. Comments on Group financial performance in the context of the business risks faced and objectives and plans for the future are set out in the Strategic Report on pages 08 to 39.

The Company continues to keep shareholders informed of its strategy and progress at other times during the year, with updates provided to AIM and shareholders via the Group's website, [investors.renold.com](https://investors.renold.com).

The Board receives feedback from the Company's NOMAD, Peel Hunt, throughout the year. The Company's financial public relations consultants, IFC Advisory, also interact with and provide feedback from the financial media, shareholders and potential investors. In addition, the Chief Executive and Finance Director meet with major shareholders and potential investors to discuss Group strategy and performance and update the Board as a whole at each meeting. The Board also receives reports prior to each Board meeting that set out the main changes to the composition of the Company's share register.

The Chief Executive and Finance Director attend presentations to investors and meetings with shareholders and analysts following the half year and full year results. Feedback from such meetings is provided to the Board. Brokers' briefings are also circulated to all Directors in order to ensure that Board members, and in particular Non-Executive Directors, develop an understanding of the views of major shareholders about their Company.

## Annual General Meeting

The AGM will be held at 11 am on 9 September 2025 at the Company's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB.

Notice of the AGM will be sent to shareholders at least 21 business days before the meeting.

There will be an opportunity for shareholders to post questions regarding the AGM and the resolutions to be proposed.

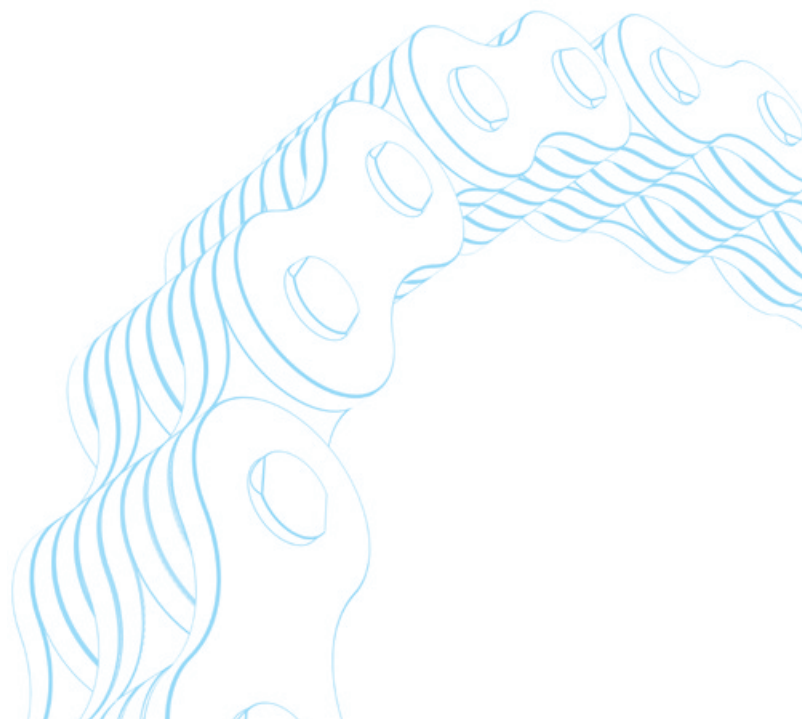
As usual, details of the outcome of the AGM and the resolutions passed will be announced to AIM and published on the Group's website at [investors.renold.com](https://investors.renold.com).

All resolutions were passed at last year's Annual General Meeting.

## QCA Corporate Governance Code Compliance statement

Renold is committed to high standards of corporate governance to facilitate efficient, effective and entrepreneurial management of the Company. The Board acknowledges its contribution to achieving management accountability, improving risk management and to creating shareholder value over the longer term.

The Board have elected to adopt the Corporate Governance Code published by the Quoted Companies Alliance in 2023 (QCA Code). The Company's compliance with its chosen governance code is reviewed annually by the Board subsequent to the publication of the Company's Annual Report, which is usually undertaken in July/August of each year.



The 10 core principles of the QCA Code and how Renold complies with these principles is set out below:

1	Establish a purpose, strategy and business model which promote long-term value for shareholders.	The Board has determined that the "Purpose" of the Company is "Lifting, moving, rotating, conveying – driving sustainable value" as each element represents an activity which is driven by the products which Renold makes, with the aim of achieving value for its shareholders. The Executive team led by the Chief Executive recommends the strategy to the Board. Our strategic focus also reflects and considers views of the Group's key stakeholders. The Board specifically considers the strategy for the Group at the annual Board Strategy Day.
<p> <b>Our strategy is set out on pages 08 to 09 of the Annual Report</b></p>		
2	Promote a corporate culture that is based on ethical values and behaviours.	All personnel are required to maintain appropriate standards and to comply with health and safety regulations and deal ethically with customers and suppliers. The Group has a robust compliance framework, with policies that govern its activities in respect of zero tolerance towards modern slavery, anti-bribery, whistleblowing and data protection, non-facilitation of tax evasion, anti-fraud measures and supplier standards. Across the Group, we have a well-established employee whistleblowing procedure. This is provided and managed by an external third party. Through this process, employees can pass information to the senior leaders in the business about areas of concern to them. This can be done with full anonymity. Renold has also set out and embedded in its business the following core values and behaviours:
<ul style="list-style-type: none"> <li>○ Operate with integrity.</li> <li>○ Value our people.</li> <li>○ Work together to achieve excellence.</li> <li>○ Accept accountability.</li> <li>○ Be open-minded.</li> </ul>		
<p>The Renold Values and Behaviours continue to act as an important standard to which we hold both ourselves and our employees. Since the launch of the Renold Values and Behaviours, we have continued the work of embedding these in the business. The Values and Behaviours are clearly communicated across the Group and are integrated into the way in which we operate.</p>		
3	Seek to understand and meet shareholder needs and expectations.	The Chief Executive and Group Finance Director communicate and speak with institutional investors via presentations, press releases as well as a financial roadshow presentation at the time of annual results. The Chair and the Senior Independent Non-Executive Director are also available to engage with investors. At each Board meeting, the Chief Executive briefs the Board on dialogue that he has had with shareholders and potential investors. The Board also receives information on the views of shareholders from its financial PR advisers, brokers and nominated adviser. Feedback from analysts, other advisers and investors is also reviewed. Shareholders are encouraged to attend the AGM each year, which is convened as an in-person meeting, where the Board invite and respond to questions from shareholders.
4	Take into account wider stakeholder interest, including social and environmental responsibilities, and their implications for long-term success.	When implementing the Group's strategic aims, the Board considers expectations of the Company's shareholders and also its wider stakeholders and social responsibilities. Each site globally is encouraged to engage in projects in support of the local community. There is also regular dialogue with the UK pension trustees. Renold's ambition is to become an organisation with sustainability fully embedded in our business. The intent is to strike a balance between shareholder expectation and the needs and concerns of the environment, our employees, customers and the communities in which we operate. Our employees are engaged in the identification and delivery of improvement actions. Renold has adopted a pragmatic approach to sustainability and environmental, social and governance (ESG) matters. Our Sustainability Steering Group meets regularly. This steering group is responsible for planning our approach, determining what needs to be done, measuring progress and proposing ways to improve.
5	Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.	The Board's policy on risk management encompasses all significant business risks to the Group, including strategic, commercial, financial, operational, and health and safety risks, which could undermine the achievement of business objectives. Our principal risks and risk management approach is outlined on pages 33 to 39 of the Annual Report. The Board, which is responsible for overseeing the effective management of risk, has delegated oversight of financial risk management and internal controls to the Audit Committee. A risk management framework is in place and a robust and detailed assessment of the risks facing the Group is undertaken by the senior management team in line with that framework. A Group level risk register, recording the risk and mitigating factors and actions in place for each risk, is regularly reviewed by the Executive Risk Management and Monitoring Committee and submitted to the Audit Committee in line with the risk management framework. Any new and material risks identified by management are communicated promptly to the Board.

# Corporate governance report CONTINUED

<p>6 Establish and maintain the Board as a well-functioning, balanced team led by the Chair.</p>	<p>The Board comprises two Executive Directors and four independent Non-Executive Directors, being the Non-Executive Chair and three other Non-Executive Directors.</p> <p>Clear separation of roles between the Chair and the Chief Executive Officer is in place. The Chair takes responsibility for the running of the Board, and the Chair ensures that all Board members are properly briefed on all key matters. Board agendas are approved by the Chair. Directors are provided with regular, timely information on the performance of the divisions within the Group. The Chair facilitates the meetings and ensures there is time for each Director to contribute. Directors contribute their independent judgement and experience to challenge and explore key matters. The Board is provided with a Health &amp; Safety report, finance, management and people reports and other information on a regular basis. The balance of the Board is considered and reviewed by the Nomination Committee. The Chief Executive Officer, with the other Executive Directors, is responsible for implementing the strategy agreed by the Board and for managing day-to-day business activities. The Company Secretary is responsible for ensuring that Board procedures are followed, together with all applicable rules and regulations. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest. Any change in commitments is notified as soon as possible by the Directors to the Chair and Company Secretary. Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties, including preparation for and attendance at Board, Committees or shareholder meetings. The Board has delegated authority to the Audit, Remuneration and Nomination Committees to support the work of the Board in the performance of its duties. All Directors retire and seek re-election at the Annual General Meeting.</p>
<p>7 Maintain appropriate governance structures and ensure that individually and collectively the Directors have necessary up-to-date experience, skills and capabilities.</p>	<p>The Board meets in accordance with a scheduled meeting calendar and there is a formal document setting out matters reserved for approval by the Board (which is available on our website). Board papers are distributed prior to each meeting and any actions arising from the meeting are documented and progress is reported at the next Board meeting. The Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee and has formally delegated specified responsibilities to those committees. The terms of reference of those committees are available on our website. There is a documented delegation of authorities for the executive team to assist in ensuring all members of management understand the level of their authority when making financial and non-financial decisions. The Corporate Governance Report on pages 44 to 48 of the Annual Report for the year ended 31 March 2025 details the corporate governance structures and processes for the Company.</p> <p>Directors receive training each year, including annual training led by the nominated adviser. The Company Secretary keeps the Board updated on governance and capital market matters.</p>
<p>8 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p>	<p>The Board carries out a formal review annually in respect of its performance over the previous year. The evaluation is informed by detailed questionnaires completed by each Director, which are then considered by the Board and action taken as appropriate. In the interest of transparency, responses are not anonymised and are shared with all Board members. The findings from the Board and Board Committee evaluation process are then documented in the Annual Report.</p>
<p>9 Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.</p>	<p>The Group's current Directors' remuneration policy was approved by shareholders at the 2022 AGM. During FY25, the Remuneration Committee has reviewed the current policy to ensure that it continues to support long-term value creation and the Group's purpose, strategy and culture. The policy comprises salary, benefits, including retirement benefits, annual bonus and long-term incentive. The long-term incentive awards shares in the Company subject to long-term performance metrics and with the post vesting holding periods and Executive Directors' shareholder requirements, provides clear alignment to long-term value creation. The performance metrics for the annual bonus and long-term incentive are carefully reviewed and considered each year by the Remuneration Committee to ensure they align to and support the Group's purpose, strategy and culture. Our emphasis on incentives as a significant part of the remuneration package also reflects our performance-based culture.</p>
<p>10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.</p>	<p>At each Board meeting, the Chief Executive briefs the Board on dialogue that he has had with shareholders. The Board also receives information on the views of shareholders from its financial PR advisers, brokers and nominated adviser. Feedback from analysts, other advisers and investors is regularly reviewed by the Board. Our Annual Report, results announcements, notices of annual general meetings and results of voting at those meetings are available on the Investor Relations page of our website at <a href="http://investors.renold.com">investors.renold.com</a>. Presentations by the Executive Directors are made to management and employees in relation to the annual results and half year results, which include a question-and-answer session so that employees can fully engage with and understand the financial performance of the Group. There is also regular dialogue with the UK pension trustees and the Company.</p>

# Audit Committee report

## Key objectives and responsibilities of the Committee

In support of the Board's duty of stewardship, the Committee aims to ensure appropriate corporate governance is applied to the Group's systems of internal financial control, financial reporting, external and internal audit and other compliance matters.

We monitor the integrity of financial information published externally for use by shareholders and other stakeholders. We also ensure that the integrity of the financial statements is supported by an effective external audit.

We support the efforts of the executive team to continuously improve the internal financial control and risk monitoring environment.

The terms of reference for the Committee were reviewed this year and updated. These terms of reference are available on the Company's website at [investors.renold.com](https://investors.renold.com) and they set out the responsibilities of the Committee in greater detail.

## Committee membership and expertise

The Committee consists of three independent Non-Executive Directors: Tim Cooper, Vicki Potter and myself as Chair.

The Chair of the Company and Executive Directors are invited to attend when it is appropriate to do so.

## Audit Committee members and meetings attended during the financial year

Committee member	Role	Meetings attended
Andrew Magson	Committee Chair and Non-Executive Director	4 of 4
Tim Cooper	Non-Executive Director	4 of 4
Vicki Potter	Non-Executive Director	4 of 4

Biographical details and experience of members are set out on pages 42 and 43.

The Board believes that Committee members have an appropriate range of financial, operational and commercial management expertise to allow the Committee to fulfil its duties. The Board considers that I have relevant and recent financial experience to perform the role of Committee Chair.

## Committee meetings

During the year ended 31 March 2025, the Committee met four times. The meetings were attended by the independent Non-Executive Directors (the members), the Company Secretary and, by invitation, the Chair of the Board, the Chief Executive, the Group Finance Director, the Group Financial Controller and representatives of the Group's external and internal auditors. From time to time, other members of the Group's management team and other external advisers are invited to attend to present or respond to queries on particular areas of focus. The external and internal auditors have access to all Committee papers and minutes. The Committee meets privately at least once a year with representatives from both the external and internal auditors, which provides an opportunity for any matters to be raised in confidence which they consider should be brought to the attention of the Committee without the Executive Directors being present. Full details of Director attendance during the year are set out in the table of all Committee meetings on page 42 and in the table above.

## Routine activities of the Committee during the year

The Committee also carried out the following work under its terms of reference:

- Review, comment on, and recommend to the Board the Group's interim and full year financial statements for approval;
- Review and consider the appropriateness of the outcome of areas where significant judgements and estimates are required in the preparation of the financial statements, including those outlined on pages 85 and 86;
- Consider the appropriateness of presenting alternative performance measures and the clarity of disclosures relating to these measures;
- Consider and approve proposals from the external auditor regarding the audit approach, including the proposed materiality level for the audit, the audit fee and review of the findings of the audit;
- Review the results of internal audit activity for the year and monitor the implementation of recommendations for improvement. Consider, review, challenge and approve the scope of work proposed for the year;
- Review the performance and independence of the external auditors, and the performance of the internal auditors;
- Review the Committee's effectiveness.

# Audit Committee report CONTINUED

## Significant issues considered in relation to the financial statements

The Committee monitors the integrity of the Company's financial information and other formal documents relating to its financial performance and makes appropriate recommendations to the Board before publication.

A key factor in the integrity of financial statements is ensuring that suitable and compliant accounting policies are adopted and applied consistently on a year-on-year basis and across the Group. In this respect, the Committee also considers significant estimates and judgements made by management in preparing the financial statements.

The Committee's considerations are supported by input from other assurance providers, e.g. the Group's external and internal auditors and other advisers such as pension scheme actuaries.

The following table summarises the material judgemental issues that the Committee considered during the year in relation to the financial statements. These were also the areas of key risk focus for the external auditors. The table also sets out the key performance indicators impacted by each of these issues in the financial statements, their relevance to the financial statements, an assessment of the degree of judgement required in concluding on each item and cross references to further detail.

Review matters	Relevant measures	Relevance	Judgement required
Inventory valuation and provisioning	Inventory value Average working capital ratio	<ul style="list-style-type: none"> <li>Net inventory value £67.2m (2024: £60.6m)</li> <li>Average working capital ratio 21% (2024: 20%)</li> <li>For more detail see above and key sources of estimation uncertainty on page 85</li> </ul>	Moderate to high
Revenue recognition (long-term contracts)	Revenue and associated operating costs	<ul style="list-style-type: none"> <li>Note 1 to the financial statements</li> </ul>	Moderate
Acquisition accounting for Mac Chain	Fair values of consideration and net assets acquired	<ul style="list-style-type: none"> <li>Note 25 to the financial statements</li> </ul>	Moderate, after taking advice from valuation professionals
Accounting for Valencia flood insurance claim	Adjusted operating profit Adjusted EPS	<ul style="list-style-type: none"> <li>Notes 2 and 5 to the financial statements</li> <li>APMs</li> </ul>	Moderate, after taking advice from external advisers

## Audit information

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the Auditor is unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

## Internal financial control effectiveness and fraud

Internal control effectiveness, which in Renold has focus on internal financial controls, is assessed by the Committee through a combination of:

- Self-certification sign-off on compliance with minimum internal controls standards by the management of all Group businesses and Group management at the year end
- Management reports submitted to the Committee
- Internal audit reports
- External audit reports
- Reports from the Group's Executive Risk Management and Monitoring Committee (ERMMC)
- Discussions with management and site visits during the year
- Reporting to the Committee of any instances of fraud, and review of an annual paper from management considering fraud risks and the management of those risks

Having considered and challenged internal control and audit reports received from management and our auditors and reports on remedial actions taken to address improvement points raised previously, nothing came to the Committee's attention that has caused us any material concern with regard to the effectiveness of the Group's systems of internal financial control in operation during the year.

## Fair, balanced and understandable

As part of the review of the financial statements and annual report, and through discussions with management and the external auditors, the Committee considers whether disclosures made by the Company meet the 'fair, balanced and understandable' requirement. Any concerns are raised at Committee meetings and, where appropriate, reported to the Board and resolved accordingly.

## Committee effectiveness evaluation

The Committee's effectiveness is assessed annually from questionnaires completed by Committee and Board members that are then discussed by the Committee and the wider Board. Feedback from the assessment is used to seek continuous improvement, where applicable. Following positive feedback again this year, the Committee considers that it acted within its terms of reference and carried out its responsibilities effectively.

**ANDREW MAGSON**  
CHAIR OF THE AUDIT COMMITTEE

8 July 2025

# Nomination Committee report

The Committee's primary objective is to ensure that the Executive and Non-Executive Directors have the relevant skills, knowledge and experience to create a balanced and effective Board.

Whilst I am confident that our current Board is balanced and has a wide range of relevant skills, knowledge and experience as is required to successfully implement the Group's strategy, the Board recognises the benefits of further enhancing its diversity and skills.

## Governance

The Corporate Governance Code adopted by the Company is the QCA Code. In November 2023, the QCA announced the introduction of a revised QCA Code (New QCA Code) to take effect from 1 April 2024 with a 12 month transition period to allow for the adoption of the New Code.

The Group has adopted and complies with the New QCA Code.

The terms of reference are available on the Group's website, [investors.renold.com](https://investors.renold.com).

## Main areas of responsibility

- Reviewing the structure, size and composition of the Board and Board Committees. This includes assessing skills, knowledge, experience and diversity of Board members and any resulting recommendations for change;
- Where new appointments of Executive and/or Non-Executive Directors are to be made, to lead a rigorous process, considering skills, experience and personal attributes, including diversity to identify and recommend candidates to the Board;
- Giving full consideration to succession planning for Directors and senior executives, taking account of the challenges and opportunities facing the Group; and
- Considering the effectiveness of Directors.

## Members

The Committee comprises entirely Non-Executive Directors.

Committee member	Role	Meetings attended
David Landless	Chair	3 of 3
Tim Cooper	Senior Independent Non-Executive Director	3 of 3
Andrew Magson	Non-Executive Director	3 of 3
Vicki Potter	Non-Executive Director	3 of 3

## Activities of the Committee

During the year, the Committee has carried out its annual evaluation. Again, this has proved a useful exercise in reviewing the Committee's work and concluded that it continues to work effectively.

The focus for the Committee in Financial Year 2026 will be to update and enhance the existing robust succession plans for the Executive Directors and the senior management team.

## Board composition

At the time of writing we have a Board consisting of six members, made up of two Executive Directors being the Chief Executive and the Group Finance Director as well as four Non-Executive Directors.

All Non-Executive Directors are considered to be independent. The Non-Executive Directors hold a session separate from the Executive Directors on the day of each Board meeting so that they can discuss matters and exchange ideas outside of the formal Board meeting itself.

The Committee considers that the current capability of the Board is appropriate to progress the Group's strategy, whilst meeting expectations for good corporate governance.

All Board Committees comprise only Non-Executive Directors but the Executive Directors are invited to attend Board Committee meetings, where appropriate to do so.

For further information on the background of the Directors, see pages 42 and 43.

## DAVID LANDLESS

### CHAIR OF THE NOMINATION COMMITTEE

8 July 2025

# Directors' remuneration report

## Dear shareholders,

I am pleased to present the Directors' remuneration report, setting out our approach to remuneration for 2024/25 and for the year ahead including changes to our Directors' remuneration policy.

2024/2025 was another year in which the Company delivered a very strong financial performance ahead of market expectations and continued to build on its strategic goals. This is reflected in the remuneration outcomes (bonus and long-term incentive, Performance Share Plan award vesting) for the Executive Directors.

## Key remuneration outcomes for the year

Salaries were reviewed and increased by 3.5% for the Chief Executive Officer and 3.7% for the Finance Director, effective 1 August 2024 and aligned to the increases for the UK workforce.

Reflecting strong performance during the year, both the annual bonus (based on EBITDA and operating cash flow) and Performance Share Plan (PSP) awards (based on earnings per share growth) have paid out at maximum. The detail of performance against targets is set out later in this remuneration report.

The Committee carefully considered the incentive outcomes against overall business performance and did not apply any discretion to these awards.

## Policy review and proposed changes

During the year the Committee reviewed our policy taking into account Group strategy, corporate governance developments, institutional investor views and market practice for AIM companies. The Committee concluded that the current policy, which provides a standard listed company remuneration structure comprising salary, benefits, pension, annual bonus and performance shares, is working effectively, supports our business strategy and enables there to be a strong link between performance and reward. No changes are therefore proposed to the incentive structure of annual bonus and performance shares. However, some changes are being made to future proof the policy, increase flexibility in its operation and accommodate growth of the business as follows:

- Increasing the annual bonus maximum policy limit to 150% of salary from 100%.
- Applying a single PSP maximum policy limit of 200% of salary for Executive Directors, previously 200% for the CEO and 100% for the CFO.

The Committee wants to ensure that the new policy is competitive, future-proofed and has the flexibility to increase incentive award levels to support business strategy and retain or attract the best talent.

A small number of other changes are proposed to provide more flexibility in the operation of the policy and are more administrative in nature.

I reached out to our largest shareholders to seek feedback on our policy proposals and to thank those shareholders that engaged with me. Those shareholders who engaged with me were supportive of our proposals.

## Operation of policy for 2025/26

Salary increases for our Executive Directors will not be determined until later in the year and will be included in the 2025/26 annual report. It is currently expected Executive Director salary increases will be in line with our UK workforce.

There are no changes to operation of our annual bonus or long-term incentive from 2024/25. Our annual bonus will continue to be based on EBITDA and operating cash flow and our PSP awards on earnings per share. While engaging with investors about our new policy, I received some suggestions of alternative or additional performance metrics that might be included in our incentives. The Committee has carefully considered these and agreed to retain the current approach which provides simplicity and focus on critical financial measures that underpin the health and success of the business. While it has been suggested that total shareholder return might be included as a metric, the Committee is comfortable that there is clear alignment to shareholder value through the PSP awards that the Executive Directors hold and their shareholdings. The Committee will of course keep the choice of performance metrics for our incentives under regular review.

## Closing remarks

Shareholders are being asked to approve an updated policy at our 2025 AGM being the third anniversary of approval of the current policy. The Committee firmly believes our current remuneration structure continues to appropriately incentivise the Executive Directors and supports the delivery of our strategic objectives. Therefore, shareholders are asked only to approve limited changes to the current policy to provide some headroom for higher annual bonus and PSP award levels to future-proof, increase flexibility in its operation and accommodate growth of the business.

The Committee also believes that the remuneration outcomes for our Executive Directors for 2024/25 are clearly aligned to our underlying financial performance and investor interests and that the policy has operated effectively.

I look forward to receiving your support at our AGM for the advisory resolution to approve our remuneration report (minus the policy) and the separate advisory resolution to approve our policy.

If in the meantime you have any queries or would like to engage with me on remuneration matters, I can be contacted through our Company Secretary.

**TIM COOPER**

**Chair of the Remuneration Committee**

8 July 2025

## The Committee and its activities

This section of our report describes the membership of the Committee, its key responsibilities and principal activities during the year.

### Remuneration Committee composition and meetings attended

Name	Position	Meetings attended
Tim Cooper	Chair	5 of 5
David Landless	Non-Executive Director	5 of 5
Andrew Magson	Non-Executive Director	5 of 5
Vicki Potter	Non-Executive Director	5 of 5

Further biographical details can be found on pages 42 and 43.

The Executive Directors, Group Director - People and Sustainability and the external adviser to the Committee attend meetings by invitation. No Director is involved in deciding their own remuneration.

### Committee activities during the year

This year the Committee discussed the following themes and agenda items in accordance with its terms of reference:

Theme	Agenda items
Best practice	Considering the current corporate governance and wider market environment and the implications for the Company.
Annual report on remuneration	Considering and approving the annual report on remuneration.
Executive Directors	Determining the Executive Directors' incentive plan (bonus) awards for FY24 and 2022 Performance Share Plan (PSP) vesting. Determining the Executive Directors' incentive plan (bonus) metrics for FY25.
Committee performance	Reviewing the Committee's performance.

### Remuneration for the financial year ended 31 March 2025

This section of the Directors' remuneration report sets out the remuneration paid to Executive Directors and the fees paid to Non-Executive Directors for the financial year ended 31 March 2025.

#### Directors' remuneration (audited information)

##### Total remuneration – Single total figure table

The total remuneration for each Director for the period and for the prior year is set out below:

Executive Director	Salary (£'000)	Benefits (£'000)	Bonus (£'000)	LTIP <sup>1</sup> (£'000)	Pensions (£'000)	Total 2025 (£'000)	Total 2024 (£'000)
Robert Purcell	362	19	353	1,147	54	1,935	1,757
Jim Haughey	233	7	228	370	18	856	789

<sup>1</sup> The 2025 LTIP value reflects those awards for which the performance period ended 31 March 2025. The awards have been valued based on the FY25 Q4 share price of 44.8p.

# Directors' remuneration report CONTINUED

	2025 £'000	2024 £'000
<b>Non-Executive Directors' fees</b>		
David Landless	145	139
Tim Cooper	60	57
Andrew Magson	56	54
Vicki Potter	49	47

## (1) Fixed elements of pay

### (i) Base salary

The salaries of the Executive Directors were reviewed on 1 August 2024. Increases were awarded to Robert Purcell and Jim Haughey of 3.7% and 3.5%, in line with the average increase awarded to UK-based employees. Robert Purcell's salary increased to £366,000 and Jim Haughey's salary increased to £236,000.

### (ii) Pension

The pension entitlement for Robert Purcell is Company contributions equivalent to 15% of base salary and for Jim Haughey a Company contribution to the pension plan of 7.5% of salary.

### (iii) Benefits

Benefits received by the Executive Directors during the period included a company car or car allowance, fuel allowance, life assurance and private healthcare.

## (2) Variable elements of pay

### (i) Annual bonus

The annual bonus maximum opportunity is 100% of base salary, which is payable in cash. For the year ended 31 March 2025, the annual bonus targets were:

	Weighting	Entry (10% payout) £m	Mid (50% payout) £m	Max (100% payout) £m	Actual £m
Adjusted EBITDA	70%	39.1	42.1	45.1	£45.2m
Adjusted operating cash flow	30%	10.4	14.4	16.4	£17.8m

Adjusted operating cash flow is a measure derived from the Group's management accounts and differs from the operating cash flow metric reconciled in Note 23. The adjusted operating cash flow metric used for bonus targets is designed to incentivise the senior management team to invest in appropriate capital expenditure or acquisition projects. Furthermore, the metric includes certain cash flows, including taxation and pension cash out flows, not ordinarily considered operating in nature but which are within the control of the senior management team.

Adjusted EBITDA and adjusted operating cash flow exceed the maximum target and accordingly the bonus is payable in full, amounting to cash payments of £353,000 for Robert Purcell and £228,000 for Jim Haughey.

### (ii) PSP awards vesting

The performance period for PSP awards granted in September 2022 completed on 31 March 2025. The performance conditions applying to these awards are as follows:

Adjusted EPS performance criteria	Percentage of maximum vesting
Less than 4.9p	Nil
Equal to 4.9p	25%
Between 4.9p and 5.7p	Straight line basis from 25% to 100%

The performance conditions in the table above were calculated based on the Compound Annual Growth Rate (CAGR) in adjusted EPS of between 5% CAGR at entry point and 10% CAGR at maximum.

Adjusted EPS for the year ended 31 March 2025 was 9.0p, as a result the awards to both Executive Directors are due to vest in full in September 2025.

### (3) PSP awards made in the year

An award equal to 200% of salary was made to the Chief Executive, Robert Purcell and an award equal to 100% of salary was made to the Finance Director, Jim Haughey as set out below.

	Type of award	Face value <sup>1</sup>	Number of shares	Date of award	Performance period ending	Threshold vesting
Robert Purcell	Nil-cost option	£651,456	1,277,366	26 July 2024	31 Mar 2027	25%
Jim Haughey	Nil-cost option	£210,385	412,250	26 July 2024	31 Mar 2027	25%

<sup>1</sup> The number of shares awarded was based on a share price of 55.3p being the average share price between 22 July – 24 July 2024.

As in the majority of previous years vesting will be determined by growth in adjusted EPS over a three year period.

### (4) Directors' shareholding and share interests (audited information)

#### (i) Directors' interests

The beneficial interest of each of the Executive and Non-Executive Directors and their connected persons in the ordinary shares of the Company is detailed below.

	Shareholding requirement (% of salary)	Shareholding at 31 March 2025		
		Beneficially owned shares	Vested but unexercised options	Shareholding at 31 March 2025 <sup>1</sup> (as % of salary)
<b>Executive Directors</b>				
Robert Purcell	200%	5,808,878	6,381,529	1,389%
Jim Haughey	100%	20,000	1,466,667	263%
<b>Non-Executive Directors</b>				
David Landless	N/A	35,000	N/A	N/A
Tim Cooper	N/A	43,482	N/A	N/A
Andrew Magson	N/A	50,000	N/A	N/A
Vicki Potter	N/A	45,000	N/A	N/A

<sup>1</sup> Based on a closing share price of 41.2p at 31 March 2025.

There have been no changes in the interests of any current Director in the share capital of the Company between 31 March 2025 and the date of this report.

#### (ii) Directors' share options

Awards over shares in which the Executive Directors retain an interest are detailed in the table below as at 31 March 2025.

	Number of share options						Option price (p)	Date from which exercisable	Expiry date	
	Options held at 1 Apr 2024	Granted in year	Lapsed or expired in year	Exercised in year	Options held at 31 Mar 2025	Options vested at 31 Mar 2025				
Robert Purcell	PSP	1,834,862	–	–	–	1,834,862	1,834,862	Nil	22.11.2022	22.11.2029
		2,066,667	–	–	–	2,066,667	2,066,667	Nil	30.09.2023	30.09.2030
		2,480,000	–	–	–	2,480,000	2,480,000	Nil	23.07.2024	23.07.2031
		2,560,000	–	–	–	2,560,000	–	Nil	20.09.2025	20.09.2032
		2,264,914	–	–	–	2,264,914	–	Nil	25.07.2026	25.07.2033
		–	1,277,366	–	–	1,277,366	–	Nil	26.07.2027	26.07.2034
Total	11,206,443	1,277,366	–	–	12,483,809	6,381,529				
Jim Haughey	PSP	666,667	–	–	–	666,667	666,667	Nil	13.11.2023	13.11.2030
		800,000	–	–	–	800,000	800,000	Nil	23.07.2024	23.07.2031
		826,000	–	–	–	826,000	–	Nil	20.09.2025	20.09.2032
		730,789	–	–	–	730,789	–	Nil	25.07.2026	25.07.2033
		–	412,520	–	–	412,520	–	Nil	26.07.2027	26.07.2034
	Total	3,023,456	412,520	–	–	3,435,976	1,466,667			

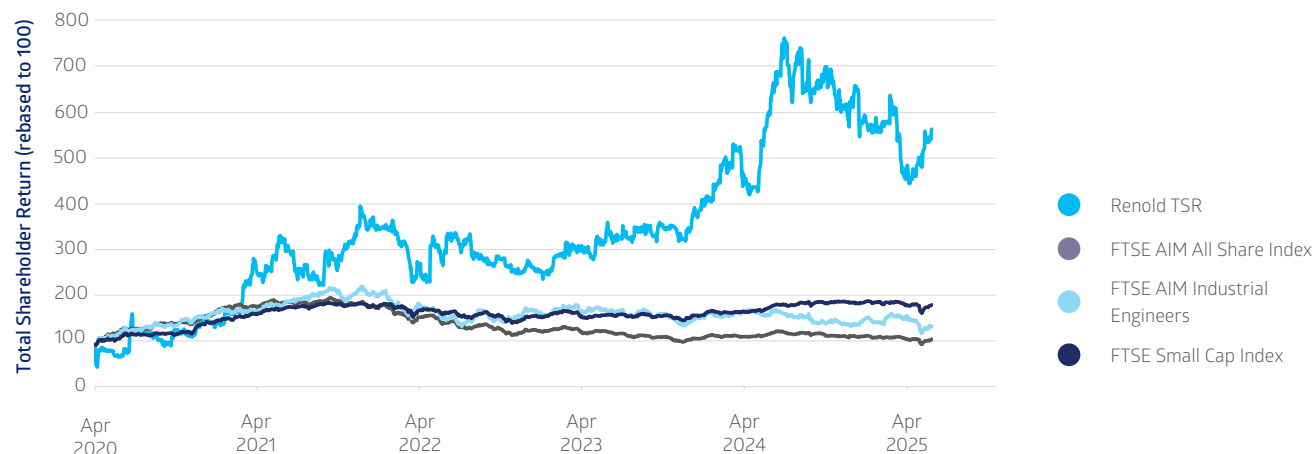
The performance conditions for the share options are disclosed on page 54 and are included in this audited information section by reference. None of the terms and conditions of the share options were varied in the year.

# Directors' remuneration report CONTINUED

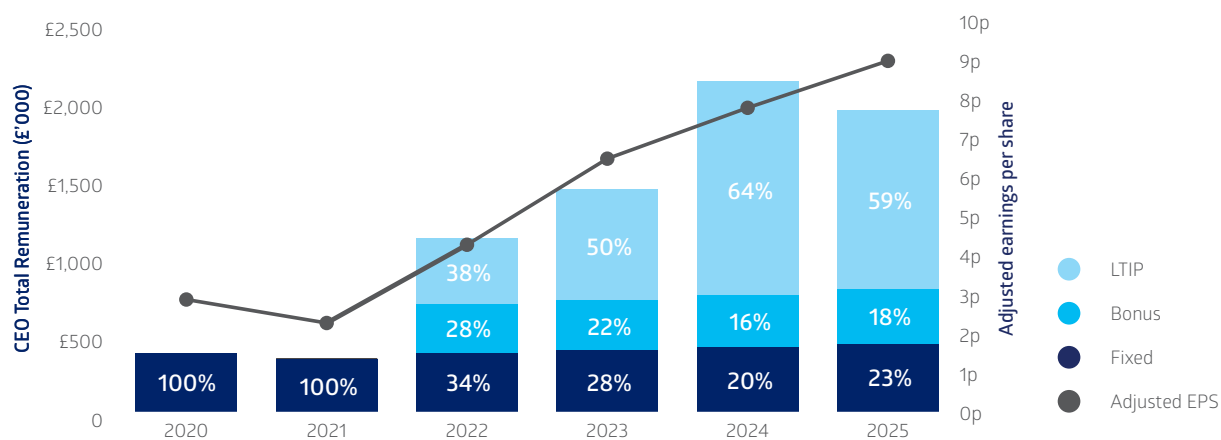
## (5) Performance graph and table

The graph below shows the Company's total shareholder return for each of the last five financial years, of a holding of shares in the Company against a hypothetical holding of shares in the FTSE AIM All Share Index. The Committee considers this index to be an appropriate index for total shareholder return and comparison disclosure as it represents a broad equity index of similar companies.

### Total shareholder return



### Chief Executive's remuneration vs Renold EPS performance



## (6) Chief Executive's remuneration for the years ended 31 March 2016 to 31 March 2025

The following table shows the history of the Chief Executive's total remuneration over the last ten years, and the proportions of annual bonus and options vesting each year as a percentage of the maximum.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Chief Executive's total remuneration <sup>1</sup> £'000	1,015	363	364	434	378	345	1,119	1,432	2,122	<b>1,935</b>
Annual bonus as % of maximum awarded	-	-	-	20%	-	-	100%	100%	100%	<b>100%</b>
LTIP as % of maximum vesting	100%	-	-	-	-	-	100%	100%	100%	<b>100%</b>

## Future application of the remuneration policy

### (1) Base salary

The next Executive Director salary review and Non-Executive Director fees review is expected to take place in September 2025 and any change will be effective 1 August 2025.

The current base salaries for the Chief Executive Officer and the Finance Director are £366,000 and £236,000 respectively.

The Non-Executive Directors current fees are set out below.

Name	Contractual fees
David Landless	£147,000
Tim Cooper	£60,350
Andrew Magson	£57,250
Vicki Potter	£50,000

### (2) Annual bonus

The performance measures for the FY26 annual bonus will be based on adjusted EBITDA and adjusted operating cash flow. The performance targets for the annual bonus are based on internal targets and considered commercially sensitive and therefore will be disclosed retrospectively in the remuneration report for FY26.

### (3) Long term incentive plan – PSP

The performance conditions attaching to PSP awards in the year commencing 1 April 2025 are expected to be linked to EPS growth. Grant levels will be 200% of salary for the Chief Executive and 100% of salary for the Finance Director.

Approved by the Board and signed on its behalf by:

**TIM COOPER**

CHAIR OF THE REMUNERATION COMMITTEE

8 July 2025

# Directors' remuneration policy

This section of the Directors' remuneration report (from pages 58 to 61) sets out the Company's remuneration policy for the remuneration of its Directors which is proposed to be adopted by the Company at the 2025 Annual General Meeting. The Policy is intended to apply three years from the date of the meeting.

## Remuneration principles for Executive Directors

Our Directors' remuneration policy has been designed to:

- Align executive pay with the Group's strategic objectives and performance.
- Attract, motivate and retain high performing executives.
- Provide a balanced mix of fixed and variable pay that supports sustainable performance while managing fixed costs.
- Be simple, comprising an annual bonus and the PSP.

We review our incentive plans each year to ensure they remain closely aligned with the Group's strategic objectives and our shareholders' interests, while continuing to motivate and engage the team leading the Group to achieve stretching targets.

## Policy table

Remuneration element	Purpose and link to corporate strategy	Operation of element	Maximum potential value and payment at threshold	Performance metrics
<b>Base salary</b>	Competitive salaries to attract, retain and motivate those responsible for executing strategy while ensuring the Company pays no more than is necessary.	<p>Paid monthly. Normally reviewed annually and typically effective from 1 August.</p> <p>Salary levels and any increases will be influenced by:</p> <ul style="list-style-type: none"> <li>○ Role, experience and performance;</li> <li>○ Changes in broader workforce salary; and</li> <li>○ Salaries payable in similar companies.</li> </ul>	Increases normally aligned with the UK workforce, but higher increases may be made to address market positioning, role or responsibility changes, or following recruitment at a below market rate.	None
<b>Benefits</b>	As base salary above. Benefits are non-pensionable.	<p>Consists of:</p> <ul style="list-style-type: none"> <li>○ Fully expensed company car (or cash equivalent);</li> <li>○ Private medical insurance;</li> <li>○ Lump sum death-in-service benefit of five times base salary.</li> </ul> <p>Reasonable relocation expenses may be provided in line with market practice.</p> <p>The Committee may change the benefits offered in line with local market practice or business needs.</p>	No formal cap due to variability in benefit cost.	None
<b>Pension</b>	As base salary above.	The Company makes pension provision in the form of membership of the Company's pension scheme, annual contributions to personal pension arrangements or cash supplements in lieu of pension.	<p>Maximum currently 7.5% of salary in line with the UK workforce.</p> <p>The current Chief Executive Officer receives a legacy pension provision of 15% of base salary, in accordance with his contractual provisions.</p>	None

Remuneration element	Purpose and link to corporate strategy	Operation of element	Maximum potential value and payment at threshold	Performance metrics
<b>Annual bonus</b>	To incentivise delivery of the corporate strategy and reward delivery of superior performance.  Bonuses are not pensionable.	Bonuses are normally payable in cash but the Committee has flexibility to introduce a share-based deferral if it deems it appropriate.  Performance targets are set at the start of the financial year and the level of bonus paid is determined by the Committee after the year end based on performance against targets.  Part or all of the bonus may be forfeited or clawed back in circumstances including but not limited to fraud, misconduct, significant misstatement of financial results or incorrect calculation of performance conditions, reputational damage or corporate failure.	Maximum 150% of salary.  Up to 20% of maximum payable at threshold; normally 50% payable at target.	The bonus may be based on a range of financial, non-financial and personal targets. Financial targets will comprise at least half of the bonus.  The Committee has the right to exercise its discretion fairly and reasonably in assessing the bonus outcome, including making adjustments for exceptional events occurring during the year.
<b>PSP</b>	To incentivise delivery of long-term shareholder value.	Key features of the PSP are: <ul style="list-style-type: none"> <li>○ Conditional share awards or nil-cost options.</li> <li>○ All share plans operated by the Company are subject to a maximum of 10% of the Company's issued share capital in any ten year period.</li> <li>○ The PSP includes the ability to grant options under an HM Revenue &amp; Customs approved schedule.</li> <li>○ PSP awards vest subject to performance normally measured over a three-year period. Part or the whole of the PSP award can be recovered prior to vesting in circumstances including fraud, misconduct, significant misstatement of financial results, or incorrect calculation of performance conditions, reputational damage and corporate failure.</li> </ul>	Maximum award level 200% of salary.  Up to 25% of the award vests at threshold.	The performance conditions can include one or more financial, non-financial and strategic measures.  In exceptional circumstances, the Committee has discretion to change the performance measures, targets and weightings. Any amendments would be such that the new conditions are not materially less difficult to satisfy than the original conditions.  The Committee also has discretion to reduce the percentage that vests in cases where it believes the outcome of the performance conditions is not a fair reflection of the Group's performance.
<b>Shareholding requirement</b>	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors are expected to build towards the minimum shareholding out of deferred bonus shares that may be awarded and vested PSP awards.  To be achieved through retention of a minimum of 50% of vested share awards (net of income tax and NICs) with the expectation that all awards will be retained.	Executive Directors are expected to retain a shareholding value equal to the percentage of salary used to calculate the PSP award quantum.	None

# Directors' remuneration policy CONTINUED

## Shareholder views

The Committee welcomes the views of shareholders in respect of pay policy as well as those views expressed on behalf of shareholders by their respective proxy advisers. The Committee documents all remuneration related comments made at the Company's AGM and feedback received during consultation with shareholders throughout the year. Any feedback received is fully considered by the Committee and amendments may be made to remuneration policy, where thought necessary.

## Discretion of the Committee

The Committee has discretion as set out in various areas of the policy. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend the implementation of policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

## Differences in remuneration policy for all employees

All employees receive base salary, pension and benefits in line with local market practice and statutory requirements. Some employees in senior roles are entitled to participate in annual bonus and share option schemes with the maximum opportunity based on the seniority and responsibility of the role. PSP awards are only available to nominated senior executives and Executive Directors.

## Statement of consideration of employment conditions elsewhere in the Group

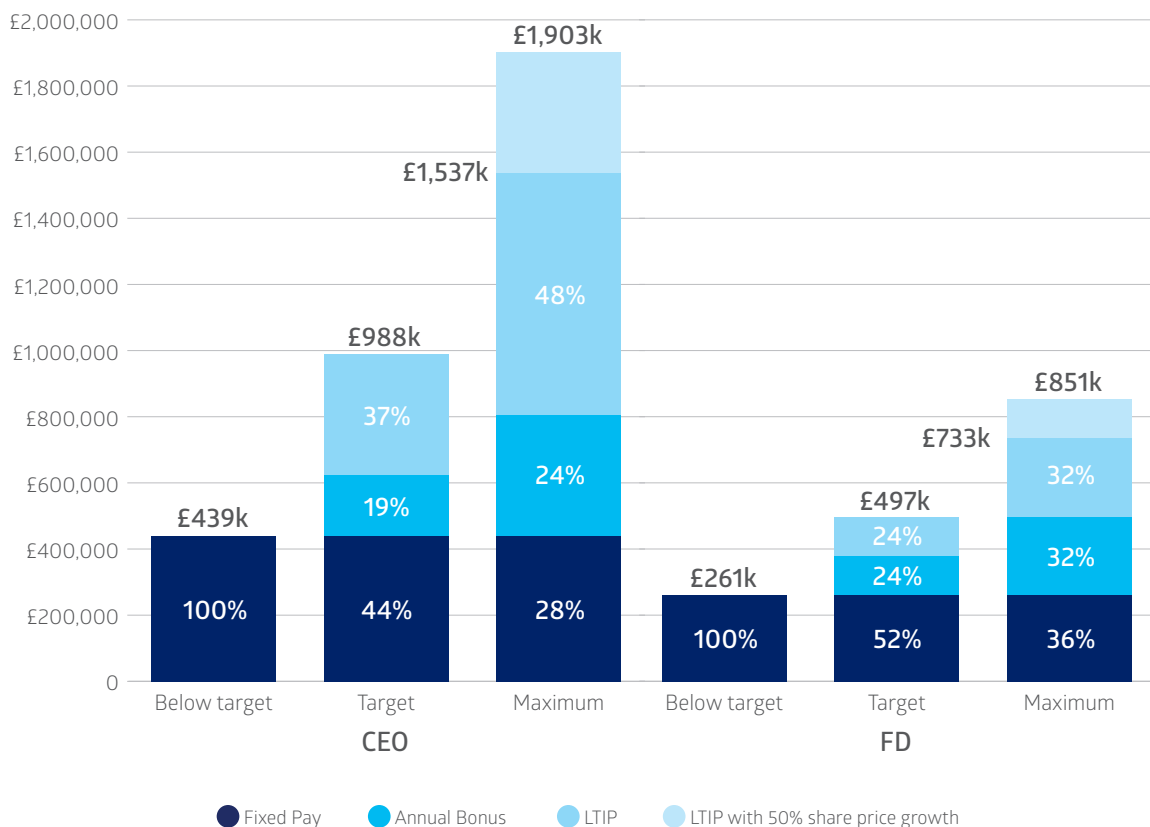
The Committee has access, upon request, to details of remuneration terms for the employee population across the Group. Significant changes to remuneration practice in the Group are brought to the attention of the Committee through the Group Director - People and Sustainability. The Group Director - People and Sustainability consults with the Committee on the performance metrics for Executive Directors' bonuses. The Committee approves the grant of all PSP awards across the Group.

The Group does not specifically invite employees to comment on the Directors' remuneration policy, but any comments made by employees are taken into account.

## Total remuneration opportunity

The chart demonstrates the total amount of remuneration payable to the Chief Executive and Group Finance Director under the new remuneration policy for the year ending 31 March 2026 should they achieve minimum, on-target or maximum performance.

The salary and pension contributions are subject to the annual pay review which will take place in August 2026, and therefore the values presented below may be subject to change. At target performance levels, 50% of the annual bonus opportunity and 50% of the PSP face value is modelled. The maximum scenario includes an additional element to represent 50% share price growth on the PSP award from the date of grant to vesting.



## Service contracts, remuneration and exit payments

As a matter of policy, the length of service contracts and notice periods is determined by the Committee at the time of appointment. Details of the Executive Directors' terms of appointment and notice periods are as follows:

	Date of contract	Expiry date of current term/notice period
Robert Purcell	21 January 2013	No specified term/terminable on 12 months' notice
Jim Haughey	1 October 2020	No specified term/terminable on 12 months' notice

Other than normal payments due during notice periods, there are no express provisions for compensation on early termination of the Executive Directors' contracts. In the event of early termination, the Company's policy is to act fairly in all circumstances. None of the Executive Directors' contracts provide for compensation in the event of a change of control of the Company. Copies of the service contracts are available for inspection by shareholders at the Company's registered office.

## Change of control

In the event of a change of control, any outstanding awards under the PSP may vest. Awards will become exercisable immediately. The proportion of award vesting will be determined by the Committee based on the proportion of the performance period completed and the extent to which the performance condition has been met at the date the change of control occurs. The Committee has discretion to waive any performance condition if it considers this appropriate in the particular circumstances.

## Leavers

The Committee's policy for exit payments on a leaver event involving an Executive Director is:

Item	Policy	Details
Salary, pension and benefits	A maximum of 12 months' salary, pension and benefits may be payable.	Payments may be subject to mitigation if the leaver finds alternative employment.
Annual bonus	No annual bonus normally payable, unless the Committee uses its discretion to treat as a good leaver.	Good leavers are entitled to receive a bonus based on performance and, normally pro-rated for the period of service to termination and payable at the usual time.
PSP	In accordance with the PSP Rules, awards held by individuals leaving will lapse on cessation of employment, unless they are classified as a good leaver. Good leavers are those who leave for reason of death, retirement, ill-health or disability, or those for whom the Committee uses discretion to allow awards not to lapse.	Good leavers' awards shall ordinarily vest at the normal vesting date, pro-rated based on the proportion of the vesting period completed and based on the extent to which the relevant performance conditions have been met.  In the event of death, awards vest immediately subject to time pro-rating and assessment of performance. The Committee has discretion to accelerate vesting to date of cessation for other good leavers.

## Approach to recruitment remuneration

The remuneration package of any new Executive Director would include the elements set out in the remuneration policy and subject to the same discretions.

The Committee's approach is to set the base salary level in line with the policy, taking into account the individual's experience, the nature of the role and their existing remuneration package.

Where it is necessary to 'buy out' an individual's awards from a previous employer, the Committee will seek to match the value, timing of vesting and type of these awards with replacement awards. Any buy out awards would be an additional element of remuneration to the normal maxima as set out in the Policy table on pages 58 to 59.

In exceptional circumstances, the Committee may use discretion to grant an additional

share-option award on joining, where it believes such an award is necessary to secure the recruitment of an Executive Director.

## Non-Executive Directors

Non-Executive Directors' remuneration including the Board Chair, is confined to fees alone, with no performance-related element. Reasonable expenses are also reimbursed.

Fees for the Non-Executive Directors are determined by the Chairman and the Executive Directors while the Chair's remuneration is determined by the Committee. The level of fees is reviewed from time to time with regard to the average of any salary increases awarded to UK based employees, fees paid in comparable organisations and the time commitment required.

The letters of appointment for each of the Non-Executive Directors confirm that their appointment is for a specified term

and that reappointment is not automatic. When making a decision on reappointment, the Board reviews the Non-Executive Director's attendance and performance at meetings and the composition and skill of the Board as a whole. Each Non-Executive Director is appointed until the next AGM, subject to earlier termination by either party. Thereafter, the appointment may be renewed, provided that both the Non-Executive Director and the Board agree and, subject to re-election at each AGM. The letters of appointment contain no provision for payment or compensation on early termination. Copies of the individual letters of appointment are available for inspection by shareholders at the Company's registered office.

# Directors' report

The Directors present their report together with the audited financial statements of the Parent Company ("the Company") and the Group for the year ended 31 March 2025. The Group has prepared the financial statements in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company financial statements have been prepared under FRS 101 Generally Accepted Accounting Practices (UK GAAP). More information on the preparation of the financial statements is disclosed within Note 2 of the accounts.

## Principal activity

Renold is an international group delivering high precision engineered products and solutions to our customers worldwide. The Group has 2 divisions: Chain and Torque Transmission.

## Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the Strategic Report

## Results and dividends

Profit before tax for the year ended 31 March 2025 is £20.6m, compared with £22.9m for the year ended 31 March 2024.

In light of the announcement by MPE Bid Co ("MPE") on 13 June 2025, of a firm intention to make an offer for Renold (the "Acquisition"), the Board has decided not to declare a final dividend for the year ended 31 March 2025 ("FY25"), as MPE has reserved the right to decrease the price per Renold share payable in respect of the Acquisition for any dividend declared, made, paid or that becomes payable by Renold on or prior to the effective date of the Acquisition. If no transaction is successfully concluded, the Board intends to pay an additional interim dividend during the current financial year, in an amount equivalent to that which it would have declared in respect of the FY25 final dividend, had the Acquisition not been announced.

Dividend payments in respect of the 6% cumulative preference stock in the Company were made on 3 July 2024 and 2 January 2025.

## Financial risk management

Information relating to the principal risks and uncertainties of the Group have been included within the Strategic Report. Further information relating to the financial risks of the Group have been included within Note 24, Financial instruments.

## Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the Group financial statements were:

- David Landless (Non-Executive Chair)
- Robert Purcell (CEO)
- Jim Haughey (Group Finance Director)
- Tim Cooper (Chair of the Remuneration Committee and Senior Independent Director)
- Andrew Magson (Chair of the Audit Committee)
- Vicki Potter (Non-Executive Director)

All the Directors are subject to election by the shareholders at the forthcoming AGM.

Details of the interests of the Directors and their connected persons in the Company's share capital and in options held under the Company's share option schemes, along with any changes in such interests since the end of the year, are detailed in the Directors' remuneration report on pages 52 to 57. No Director had any interests in contracts of significance in relation to the Company's business during the year.

The Directors submit their report and the financial statements as set out on pages 67 to 136. The Directors' report, which comprises pages 62 to 64, sets out certain information in relation to the Company in accordance with the requirements of the Companies Act 2006 and the FCA's Listing and Disclosure and Transparency Rules.

The Strategic report provides an overview of the performance of the business in the year ended 31 March 2025 and covers likely future developments in the business of the Company and the Group.

In accordance with Section 414C (11) of the Companies Act 2006, information about the employment of disabled persons, employee involvement and greenhouse gas emissions, which is required to be included in the Directors' Report, has been included in the Strategic Report. The Corporate Governance Report also forms part of the Directors' Report. Where statutory disclosures have been made elsewhere in the Annual Report and Accounts, they are cross-referenced in the table on page 64 and therefore incorporated by reference.

## Directors' appointment and replacement

The appointment and replacement of Directors of the Company is governed by its Articles of Association and legislation. The Company's Articles of Association give power to the Board to appoint Directors to fill a vacancy or as additional Directors, but also require Directors to retire and submit themselves for election at the first AGM following their appointment.

In addition, any Director who was not elected or re-elected at either of the two preceding Annual General Meetings must retire and seek re-election. The Board has decided that all Non-Executive Directors are subject to annual re-election; please refer to the Corporate Governance Report on page 64 for further details. In compliance with the QCA Code Principle 6B, all Directors will stand for re-election at the 2025 AGM.

Under the terms of reference of the Nomination Committee, appointments to the Board are recommended by the Nomination Committee for approval by the Board. For a full description of the Company's policy on appointments to the Board, see the Nomination Committee report on page 51.

Shareholders may also appoint a Director by ordinary resolution.

## Directors' and officers' liability insurance

Liability insurance for Directors and officers was maintained throughout the year. No qualifying third-party indemnity provision or qualifying pension scheme indemnity provision was in force when this Directors' Report was approved or was in force during the year.

## Conflicts of interest

The Company's Articles of Association allow the Board to authorise potential conflicts of interest of Directors, on such terms (if any) as the Board thinks fit when giving any authorisation. Any decision of the Board to authorise a conflict of interest is only effective if it is approved without the conflicted Directors voting or without their votes being counted and, in making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective and a review of previously approved conflicts is carried out annually.

## Shares

### Share capital

As at 31 March 2025, the issued share capital of the Company was £11,851,369 divided into 225,417,740 ordinary shares of 5p each and 580,482 units of 6% cumulative preference stock of £1 each.

The ordinary shares represent 95.1% of the Company's total share capital and the preference stock represents 4.9%. The Company's ordinary shares and preference stock are listed on AIM.

Full details of the deadlines for exercising voting rights and appointing a proxy or proxies in respect of the resolutions to be considered at the 2025 AGM are set out in the Notice of the forthcoming AGM.

### Major shareholdings

At 31 March 2025 the Company was notified of the following major holdings of voting rights attached to its ordinary shares under the FCA's Disclosure and Transparency Rule 5:

Shareholder	Shares	% issued share capital
Renold plc Employee Benefit Trust (UK)	26,198,885	11.62%
Jupiter Asset Mgt (London)	23,645,661	10.49%
Hargreaves Lansdown Asset Mgt (Bristol)	18,880,673	8.38%
Interactive Investor (Manchester)	18,861,516	8.37%
Janus Henderson Investors (London)	18,486,473	8.20%
Canaccord Genuity Wealth Mgt (London)	10,750,000	4.77%
JP Morgan Asset Mgt	9,499,731	4.21%
Premier Miton Investors (London)	9,311,216	4.13%
River Global (London)	8,060,595	3.58%

No major shareholder had any interest in derivatives or financial instruments relating to shares carrying voting rights that are linked to the Company's shares.

## Donations

During the year, the Group made no political donations.

## Contracts: change of control provisions

The Company's main UK banking facilities agreement with HSBC UK Bank plc, CitiBank N.A., AIB Group (UK) plc and Santander plc contains a change of control provision. This requires the Company to provide notification to the agent in the event of a change of control. The banks may then demand cancellation and repayment of the commitments and the loans.

Each of the three naval contracts entered into by Renold Power Transmission Limited (RPTL) in relation to the Type 26, Hunter and CSC programmes contain change of control clauses in relation to a change of ownership of RPTL (RPTL is wholly owned by Renold plc). The change of control provisions allow for the termination of such contracts by the counterparty where there is either a change of ownership to a party on a prohibited list or where there are material concerns about the ability of RPTL under new ownership to continue to perform its material obligations under the relevant contract.

No other material contracts contain change of control provisions.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Note 18 to the Group financial statements details the Group's obligations to contribute to the UK defined benefit pension schemes.

## Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at the Company's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester M22 5XB on Tuesday 9 September 2025 at 11 am.

The resolutions being proposed at the 2025 AGM will be general in nature, including the renewal for a further year of the limited authority of the Directors to allot the unissued share capital of the Company and to issue shares for cash other than to existing shareholders (in line with the Pre-Emption Group's Statement of Principles). A resolution will also be proposed to renew the Directors' authority to purchase a portion of the Company's own shares. Resolutions will be proposed to renew these authorities, which would otherwise expire at the 2025 AGM.

One of the areas of special business to be addressed at this AGM is the proposal to extend the authority to disapply pre-emption rights by a further 5% of the issued ordinary share capital, such additional authority to be used only for limited purposes, which will be set out in the Notice of Meeting of the AGM.

## Auditor

The Company's current auditor, BDO LLP was re-appointed at the 2024 AGM in September 2024.

## Going concern

After making enquiries, we, the Directors, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. We therefore continue to adopt the going concern basis in preparing the financial statements.

The basis on which this conclusion has been reached is set out on page 80, which is incorporated by reference here.

# Directors' report CONTINUED

## Directors' statement of disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Other disclosures	Pages
Directors' biographical details and date of appointment	42 to 43
Employee involvement	24
Employment of disabled persons	30
Financial instruments – Note 24 to the Group financial statements	113
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The Directors' Report was approved by the Board on 8 July 2025.

For and on behalf of the Board:

**ROBERT PURCELL**  
CHIEF EXECUTIVE

**JIM HAUGHEY**  
FINANCE DIRECTOR

# Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 8 July 2025 and is signed on its behalf by:

By order of the Board.

**ROBERT PURCELL**  
CHIEF EXECUTIVE

**JIM HAUGHEY**  
FINANCE DIRECTOR



# Financial statements

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## Case study

## Automatic warehousing



### What is it used for?

Renold roller chains thrive in automatic warehouse applications. The world's top retailers apply them in demanding high volume sortation conveyors, amongst other applications.



### Why Renold?

Renold is a leading manufacturer of high specification roller chains. In high volume warehouse environments where consumers expect parcels to arrive with short transit times, our high tolerance roller chains offer extreme long life and hassle-free operation.

# Independent Auditor's report

to the members of Renold Plc

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renold Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Material uncertainty related to going concern

We draw attention to the accounting policies note to the financial statements which indicates that a formal offer from Morgenthaler Private Equity ("MPE") to acquire the ordinary share capital of the Group has been made, and that the directors have had no visibility of MPE's strategic plans for the Group post transaction. As stated in the accounting policies note, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would be required if the financial statements were prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the assessment that supports the Directors' conclusions with respect to the disclosures provided around going concern;
- We challenged the rationale for the assumptions utilised in the forecasts, using our knowledge of the business, the sector and wider commentary available from competitors and peers;
- We considered the appropriateness of the directors forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding the directors consideration of downside sensitivity analysis;
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- We assessed the facility and covenant headroom calculations, and reperformed sensitivities on the directors base case and stressed case scenarios; and
- We reviewed the wording of the going concern disclosures, and assessed its consistency with the directors' assessment of going concern, including underlying forecasts.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's report CONTINUED

to the members of Renold Plc

## Overview

Key audit matters	2025	2024
Inventory valuation	✓	✓
Acquisition accounting	✓	
Impact of flood in Valencia	✓	
<b>Materiality</b>	Group financial statements as a whole £1.138m (2024: £1.164m) based on 5% (2024: 5%) of adjusted profit before tax	

## An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

## Components in scope

Our Group audit scope focused on the Group's principal operating locations, being those in the UK, Europe, US & Canada, China, India and Australia.

For the purpose of our Group audit, the Group consisted of 28 components in total, some of which correspond with legal entities while others represent an aggregation of business units. Our scoping assessment considered management structure, controls and IT systems, and common business characteristics and geographical locations.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls; and
- procedures on one or more classes of transactions, account balances or disclosures.

Procedures were performed on the entire financial information of 7 components.

Procedures were performed on one or more classes of transactions, account balances or disclosures of 6 components.

Desktop review procedures were performed on the remaining components in the Group.

## Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following:

- In the UK, full scope audits were performed by the Group engagement team on the Parent Company, Renold Continental and Renold Power Transmission, whilst procedures on one account balance were performed for Brampton SAS.
- A UK component auditor performed a full scope audit of MAC Chain and Jeffrey Chain, with procedures performed on one or more account balances for Renold Inc. and Renold Canada.
- Renold Iberia was subject to a full scope audit performed by a component auditor in Spain.
- Renold GmbH was subject to a full scope audit performed by a component auditor in Germany.
- Procedures on one or more account balances were performed on Renold Chain India by a component auditor in India.
- Procedures on one or more account balances were performed on Renold Transmission China by a component auditor in China.
- Procedures on one or more account balances were performed on Renold Australia by a component auditor in Australia.

We carried out risk assessment procedures on the remaining components in the Group, principally comprising of analytical review procedures. Based on this work and considering relevant quantitative factors we concluded the risk of material error was remote and our work was therefore limited to desktop review work by the Group engagement team.

## Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls in relation to consolidation, going concern and goodwill impairment. We therefore designed and performed procedures centrally on these areas.

The Group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

## Disaggregation

The financial information relating to Group risks of material misstatement is highly disaggregated across the Group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the residual population of Group balances.

## Locations

Renold Plc's operations are spread over a number of different geographical locations. We visited 5 out of a total of 8 in scope locations. Our teams conducted procedures in Renold Plc's locations in the UK, US & Canada.

In addition, our teams worked remotely, holding calls and video conferences with the other components and component auditors, and with digital information obtained from Renold Plc.

## Changes from the prior year

The changes in Group audit scope from the prior year audit are:

- addition of the MAC Chain component, which was an acquisition in the current financial year
- increase in scope from specified procedures to full scope audit for Renold Continental
- decrease in scope from full scope audit for Renold Inc, Renold Chain India and Renold Transmission China to procedures on one or more account balances
- decrease in scope to analytical review procedures for Renold Switzerland, Renold Transmission (Shanghai) Products Co., Jeffrey Chain Acquisition Company and Renold Hi-Tec Couplings SA. All were Agreed Upon Procedures scope in prior year.

The changes in scope noted above are due to a combination of a significant acquisition in the year and the revisions to auditing standard ISA (UK) 600.

## Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the Group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the Group audit relevant to the components based on our assessment of the Group risks of material misstatement. We issued our Group audit instructions to component auditors on the nature and extent of their participation and role in the Group audit, and on the Group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, reviewing component auditor documentation both in person and remotely, and evaluating the appropriateness of the audit procedures performed and the results thereof.

# Independent Auditor's report CONTINUED

to the members of Renold Plc

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report

Key audit matter		How the scope of our audit addressed the key audit matter
<p><b>Inventory valuation</b></p> <p>Refer to accounting policies and note 11</p>	<p>The Group holds inventory of £67.2m (2024: £60.6m).</p> <p>Management judgement is applied to the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. This manufacturing cost primarily relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs. The risk identified is that the carrying value of inventory is not appropriate, specifically manufactured goods where there was an increased level of management judgement required around the labour and overhead absorption.</p> <p>For these reasons we determined inventory valuation to be a key audit matter.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>○ We reviewed management's rationale and supporting calculations for the valuation methodology adopted and considered its appropriateness in accordance with the requirements of IAS 2.</li> <li>○ We challenged the completeness of overhead costs capitalised in the cost of inventory, as well as selected a sample of costs absorbed and assessed their appropriateness in accordance with the requirements of IAS 2.</li> <li>○ For a sample of inventory items we have agreed to bill of materials, confirming total amount contributed from raw materials, labour and overhead costs.</li> <li>○ We challenged management on assumptions used in relation to machinery hours, with reference to standard hour reports for the last 3 years, and labour costs, with reference to employee contracts and payslips.</li> <li>○ We compared the actual costs incurred to the standard costs to challenge the labour and overhead costs absorbed. We reviewed the variance identified with consideration for the amounts recognised as variances within the income statement.</li> <li>○ We performed a stand back assessment by comparing the percentage of raw materials in inventory at year end to the percentage of overheads and labour costs.</li> </ul> <p><b>Key observations:</b></p> <p>We found the judgements and estimates adopted by management in the absorption of costs into inventory to be reasonable.</p>
<p><b>Acquisition accounting</b></p> <p>Refer to accounting policies and note 25</p>	<p>During the year the Group acquired the trade and assets of Mac Chain Company Ltd (U.S.) and 100% of the share capital of Mac Chain Company Limited (Canada).</p> <p>The acquisition is material to the financial statements and there are complexities in the accounting for business combinations including identifying the fair value of the intangible assets acquired.</p> <p>Management identified acquired separable intangible assets that have been valued at £9.5m within these financial statements, which involved the use of a number of estimates.</p> <p>For this reason we determined the valuation of acquired intangible assets to be a key audit matter.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>○ reviewed the purchase price allocation exercise performed by management's expert to identify which separable intangible assets were acquired as part of the transaction;</li> <li>○ assessed the key judgements and fair value adjustments relating to intangibles assets to check they were reasonable and in line with the relevant accounting standards with support from our internal valuation experts; and</li> <li>○ engaged our internal valuation experts to assist us to challenge the valuation of the customer relationships, non-compete agreement and brand which were separately valued by considering the accuracy of the model and estimates such as the Weighted Average Cost of Capital used within the valuation.</li> </ul> <p><b>Key observations:</b></p> <p>Based on the audit procedures performed, we consider the valuation of the acquired intangible assets to be appropriate.</p>

**Impact of flood in Valencia**

Refer to note 2

During the financial year the Spanish component experienced significant disruption due to the floods in Valencia. There is significant judgement and estimation regarding management's best estimate of the insurance claim asset to be recognised in the financial statements.

For this reason we determined this to be a key audit matter.

We have performed the following audit procedures:

- Confirmed there was a valid insurance policy in place and that the claims being made are covered by the scope of the policy;
- Developed an understanding of relevant terms of the contract in relation to how claims should be calculated, including any differences between the local component policy and Group master policy cover;
- Agreed a sample of direct costs incurred that are being recovered through insurance claim to supporting documentation;
- Physically verified the assets identified by management as damaged;
- Agreed the net book value of fixed assets that are damaged and subject to insurance claim to the fixed asset register as at the date of the flood. Reconciled to the year end fixed asset register, which has been subject to year end audit procedures.
- Discussed the fixed asset claim with key individuals outside of the Finance team to understand the process undertaken to determine the claim amount and their assessment of the likely outcome.
- Discussed with management's expert the process undertaken to define the claim amount, timing of the claim and their assessment of the likelihood of the claim being challenged.
- Agreed the accuracy and completeness of the underlying data within the model for the business interruption claim;
- Assessed whether contradictory evidence exists, including by enquiring of the component auditor in Spain as to what other companies in a similar position are experiencing in terms of claims and recognition of assets within their financial statements.
- Discussed with an auditor's expert who have experience with dealing with Business Interruption claims, as to whether the model used by management is reasonable based on their experience.

**Key observations:**

Based on the audit procedures performed, we consider insurance income recognised to be a reasonable estimate.

# Independent Auditor's report CONTINUED

to the members of Renold Plc

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2025 £m	2024 £m	2025 £m	2024 £m
<b>Materiality</b>	<b>1.138</b>	1.164	<b>0.568</b>	0.85
<b>Basis for determining materiality</b>	5% of adjusted profit before tax		50% (2024: 73%) of Group Materiality	
<b>Rationale for the benchmark applied</b>	It was considered that adjusted profit before tax was the most appropriate basis for materiality as it reflects the underlying trading performance of the Group, eliminating non-recurring items and is in the interests of the users of the financial statements.		We have capped materiality at a percentage of Group materiality to take into consideration component aggregation risk.	
<b>Performance materiality</b>	<b>0.825</b>	0.815	<b>0.413</b>	0.595
<b>Basis for determining performance materiality</b>	<b>73%</b>	70%	<b>73%</b>	70%
<b>Rationale for the percentage applied for performance materiality</b>	The following factors were considered: <ul style="list-style-type: none"> <li>○ risk assessment, including assessment of the Group's overall control environment; and</li> <li>○ the disaggregated nature of the Group.</li> </ul>		The following factors were considered: <ul style="list-style-type: none"> <li>○ risk assessment, including assessment of the Parent Company's overall control environment.</li> </ul>	

## Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 9% and 90% (2024: 13% and 43%) of Group performance materiality dependent on the size and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £78k to £740k (2024: £105k to £562k).

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £45k (2024: £46k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>○ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>○ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<b>Matters on which we are required to report by exception</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>○ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>○ the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>○ certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>○ we have not received all the information and explanations we require for our audit.</li> </ul>

## Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, legal counsel and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework (UK adopted international accounting standards), UK tax legislation, AIM Listing Rules and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, data protection and employment law.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

# Independent Auditor's report CONTINUED

to the members of Renold Plc

## Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, the Audit Committee and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition in relation to cut off (pre-year end – existence risk).

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Reviewing minutes of Board meetings throughout the period to corroborate our enquiries and to identify any other matters not already disclosed by management and the Directors;
- Assessing significant estimates made by management for bias in particular to the Group's inventory valuation, insurance income recognised from the flood in Valencia and acquisition accounting (see key audit matter above);
- Testing a sample of revenue transactions pre-year end to supporting documentation (including invoice and proof of delivery) to assess if the revenue had been recorded in the correct period;
- Testing a sample of contract inventory around the year end to supporting documentation (including proof of delivery) to assess if the associated long term contract revenue had been recorded in the period the cost had been incurred;
- Performing a margin analysis assessment on a monthly basis for contract revenue to identify whether there were instances of profit manipulation on long term contracts;
- Verifying the value of cost recognised on either side of the year end to determine whether there is evidence of costs being shifted from one period to the next to manipulate revenue/profits for long-term contracts.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## STUART WOOD (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK  
8 July 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated income statement

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
<b>Revenue</b>	1	245.1	241.4
Operating costs	2	(216.6)	(210.9)
<b>Operating profit</b>		28.5	30.5
Finance costs	3	(7.9)	(7.6)
<b>Profit before tax</b>		20.6	22.9
Taxation	4	(5.5)	(5.8)
<b>Profit for the financial year</b>		15.1	17.1
<b>Earnings per share</b>	5		
Basic earnings per share		7.6p	8.3p
Diluted earnings per share		6.6p	7.3p
Basic adjusted earnings per share <sup>1</sup>		9.0p	7.8p
Diluted adjusted earnings per share <sup>1</sup>		7.8p	6.9p

All results are from continuing operations.

<sup>1</sup> Definitions of adjusted measures are provided in alternative performance measures on page 132 of the financial statements.

# Consolidated statement of comprehensive income

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
<b>Profit for the financial year</b>		15.1	17.1
<b>Items that may be reclassified to the income statement in subsequent years:</b>			
Exchange differences on translation of foreign operations		(3.6)	(4.0)
Gain on hedges of the net investment in foreign operations		0.4	0.5
Cash flow hedges:			
Loss arising on cash flow hedges during the year		(0.4)	(0.3)
Cumulative gain/(loss) arising on cash flow hedges reclassified to profit or loss		0.3	(0.2)
Income tax relating to items that may be reclassified subsequently to profit or loss	17	-	0.1
		(3.3)	(3.9)
<b>Items not to be reclassified to the income statement in subsequent years:</b>			
Remeasurement gains on retirement benefit obligations	18	6.0	1.4
Tax on remeasurement gains on retirement benefit obligations – excluding impact of statutory rate change	17	(1.1)	(0.4)
		4.9	1.0
<b>Other comprehensive gain/(loss) for the year, net of tax</b>		1.6	(2.9)
<b>Total comprehensive income for the year, net of tax</b>		16.7	14.2

# Consolidated balance sheet

as at 31 March 2025

	Note	2025 £m	2024 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7	34.0	29.3
Intangible assets	8	19.3	11.5
Property, plant and equipment	9	62.5	56.1
Right-of-use assets	10	19.6	15.1
Deferred tax assets	17	4.9	7.7
		140.3	119.7
<b>Current assets</b>			
Inventories	11	67.2	60.6
Trade and other receivables	12	48.2	39.8
Current tax		1.0	0.1
Derivative financial instruments	24	-	-
Cash and cash equivalents	13	22.0	17.8
		138.4	118.3
<b>TOTAL ASSETS</b>		<b>278.7</b>	<b>238.0</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	14	(3.0)	(3.8)
Trade and other payables	15	(61.2)	(53.7)
Lease liabilities	10	(2.5)	(2.3)
Current tax		(6.2)	(8.6)
Derivative financial instruments	24	(0.2)	(0.3)
Provisions	16	(1.0)	(1.6)
		(74.1)	(70.3)
<b>NET CURRENT ASSETS</b>		<b>64.3</b>	<b>48.0</b>
<b>Non-current liabilities</b>			
Borrowings	14	(63.3)	(38.4)
Preference stock	14	(0.5)	(0.5)
Trade and other payables	15	-	-
Lease liabilities	10	(17.3)	(12.8)
Deferred tax liabilities	17	(5.1)	(3.7)
Retirement benefit obligations	18	(47.0)	(57.1)
Provisions	16	(4.0)	(5.0)
		(137.2)	(117.5)
<b>TOTAL LIABILITIES</b>		<b>(211.3)</b>	<b>(187.8)</b>
<b>NET ASSETS</b>		<b>67.4</b>	<b>50.2</b>
<b>EQUITY</b>			
Issued share capital	19	11.3	11.3
Currency translation reserve	21	4.8	8.0
Other reserves	21	(8.5)	(8.8)
Retained earnings	21	59.8	39.7
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>67.4</b>	<b>50.2</b>

Approved by the Board on 8 July 2025 and signed on its behalf by:

**ROBERT PURCELL**  
Chief Executive

**JIM HAUGHEY**  
Finance Director

# Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital £m Note 19	Retained earnings £m Note 21	Currency translation reserve £m Note 21	Other reserves £m Note 21	Total shareholders' funds £m Note 21
At 31 March 2023	11.3	20.8	11.5	(4.5)	39.1
Profit for the year	-	17.1	-	-	17.1
Other comprehensive income/(loss)	-	1.0	(3.5)	(0.4)	(2.9)
Total comprehensive income/(loss) for the year	-	18.1	(3.5)	(0.4)	14.2
Own shares purchased	-	-	-	(4.5)	(4.5)
Settlement of share schemes	-	(0.6)	-	0.6	-
Share-based payments	-	1.4	-	-	1.4
<b>At 31 March 2024</b>	<b>11.3</b>	<b>39.7</b>	<b>8.0</b>	<b>(8.8)</b>	<b>50.2</b>
Profit for the year	-	15.1	-	-	15.1
Other comprehensive income/(loss)	-	4.9	(3.2)	(0.1)	1.6
Total comprehensive income/(loss) for the year	-	20.0	(3.2)	(0.1)	16.7
Settlement of share schemes	-	(0.4)	-	0.4	-
Share-based payments	-	1.5	-	-	1.5
Dividends paid during the year	-	(1.0)	-	-	(1.0)
<b>At 31 March 2025</b>	<b>11.3</b>	<b>59.8</b>	<b>4.8</b>	<b>(8.5)</b>	<b>67.4</b>

Included in retained earnings is £5.2m (31 March 2024: £3.9m) relating to a share option reserve.

The other reserves include Renold shares held by the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

At 31 March 2025 26,198,883 (31 March 2024: 27,583,116) ordinary shares of 5p each were held by the Renold Employee Benefit Trust and, following recommendations by the employer, are provisionally allocated to satisfy awards under employee incentive schemes. The market value of these shares at 31 March 2025 was £10.8m (31 March 2024: £10.3m).

# Consolidated statement of cash flows

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
<b>Cash flows from operating activities</b>	23		
Cash generated from operations		32.0	36.0
Income taxes paid		(7.0)	(3.8)
<b>Net cash flow from operating activities</b>		<b>25.0</b>	32.2
<b>Cash flows used in investing activities</b>			
Proceeds from property disposals		0.2	0.1
Cash outflow on disposal of right-of-use assets		(0.2)	(0.6)
Purchase of property, plant and equipment		(11.8)	(8.3)
Purchase of intangible assets		(1.5)	(1.3)
Consideration paid for acquisitions net of cash acquired	25	(22.1)	(4.7)
<b>Net cash flow used in investing activities</b>		<b>(35.4)</b>	(14.8)
<b>Cash flows from financing activities</b>			
Repayment of principal under lease liabilities		(3.0)	(2.5)
Finance costs paid		(5.1)	(4.5)
Dividends paid		(1.0)	-
Own shares purchased		-	(4.5)
Proceeds from borrowings		45.6	58.8
Repayment of borrowings		(20.7)	(67.4)
<b>Net cash flow from/(used in) financing activities</b>		<b>15.8</b>	(20.1)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5.4</b>	(2.7)
<b>Net cash and cash equivalents at beginning of year</b>		<b>14.1</b>	17.5
Effects of exchange rate changes		(0.4)	(0.7)
<b>Net cash and cash equivalents at end of year</b>	13	<b>19.1</b>	14.1

# Accounting policies

## Basis of accounting

Renold plc is a public limited company incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the Group). The Company's financial statements present information about the Company as a separate entity and not about the Group. The financial statements have been prepared in accordance with UK-adopted international accounting standards.

The Parent Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 120-130. The financial statements were approved by the Board on 8 July 2025.

The consolidated financial statements have been prepared on a historical cost basis except for items that are required by International Financial Reporting Standards ('IFRS') to be measured at fair value, principally certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

## Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the functional currency of Renold plc, the Parent Company of the Group.

## Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or average rates where applicable. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for monetary items that form part of the net investment in foreign operations which are taken to other comprehensive income.

Assets and liabilities of overseas subsidiaries are translated into Pounds Sterling at the exchange rates at the end of the financial year. Income statements and cash flows are translated at the appropriate average rates of exchange for the year. Differences on exchange arising on the retranslation of net assets in overseas subsidiaries, borrowings used to finance or provide a hedge against those investments and from the translation of the results at average rates are taken directly to other comprehensive income. On loss of control of a foreign entity, related exchange differences previously recognised in other comprehensive income are recognised in the income statement as part of the gain or loss on sale.

## Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company made up to 31 March each year.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and equity interests issued by the Group in exchange for control of the acquired entity. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in operating costs as incurred. All identifiable assets and liabilities acquired and contingent liabilities assumed are initially measured at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquired entity as compared with the Group's share of the identifiable net assets are recognised as goodwill. Where the Group's share of identifiable net assets acquired exceeds the total consideration transferred, a gain from a bargain purchase is recognised immediately in the income statement after the fair values initially determined have been reassessed.

## (A) Subsidiaries

Subsidiaries are entities that are controlled by the Group. As per IFRS 10 there are 3 elements of control; power over the investee, exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of those returns. Typically, a shareholding of more than 50% of the voting rights is indicative of control. However, the impact of potential voting rights currently exercisable is taken into consideration.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control is obtained to the date that control ceases. The accounting policies of new subsidiaries are changed where necessary to align them with those of the Group.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. They are initially measured at the non-controlling interest's share of the net fair value of the assets and liabilities recognised or at fair value, as determined on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of the changes in equity since the date of the combination.

The results and financial position of Renold Scottish Limited Partnership (SLP) have been consolidated in the consolidated financial statements of Renold plc. Renold plc is the parent undertaking of the general partner in the SLP (see Note 15 to the Company financial statements). To determine that Renold plc has control over the SLP, we considered the following activities, benefits and risks:

- Activities – The SLP was established by Renold plc as a means of funding its pension obligation in an efficient manner.
- Benefits – During the 25-year period, the Renold Pension Scheme will receive substantially all of the SLP's income. However, after this period, the Renold Group is entitled to any remaining income generated in the SLP, together with any other residual value in the SLP.
- Risks – The Group bears the risks incidental to the activities of the SLP because it retains the obligation to ensure the pension scheme is appropriately funded.

## Accounting policies CONTINUED

Accordingly, advantage has been taken of the exemption conferred by paragraph 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnership's accounts.

### (B) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investments are eliminated to the extent of the Group's interest in that investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

Further information in relation to the Group's business activities, together with the factors likely to affect its future development, performance and financial position, liquidity, cash balances and borrowing facilities is set out in the Strategic Report section of the Annual Report. In addition, the financial statements within the Annual Report include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to foreign exchange, credit and interest rate risk.

The key covenants attached to the Group's multi-currency revolving credit facility relate to leverage (net debt to EBITDA, maximum 3.0x) and interest cover (minimum 4.0x), which are measured in line with definitions laid out within the banking covenants, and on a post IFRS 16 basis for both EBITDA and bank debt. The Group regularly monitors its financial position to ensure that it remains within the terms of its banking covenants. The Group's net debt increased by £19.9m to £44.8m (31 March 2024: £24.9m) following the acquisition of Mac Chain (£23.8m). The Group has accordingly remained within the borrowing covenant levels throughout the year ended 31 March 2025.

Given the current level of macroeconomic uncertainty stemming from inflation, geopolitical risks and tariffs, and being also mindful of the risk matrix disclosed in the section on principal risks and uncertainties, the Group has performed financial modelling of future cash flows. The Board has reviewed the cash flow forecasts, which cover a period of 12 months from the approval of the 2025 Annual Report, and which reflect forecasted changes in revenue across the Group's business units. The impact of tariffs has been considered as part of these forecasts, based on information known at the time. Tariffs are not expected to have a material impact on going concern, largely due to the Group's ability to manufacture in the US and switch production between manufacturing sites in various countries.

A reverse stress test has been performed on the forecasts to determine the extent of downturn which would result in a breach of covenants. Revenue would have to reduce by 33% over the period under review for the Group to breach the interest cover covenant under the terms of its borrowing facility. The reverse stress test does not take into account further mitigating actions which the Group would implement in the event of a severe and extended revenue decline, such as reducing discretionary spend and capital expenditure. This assessment indicates that the Group can operate within the level of its current facilities, as set out above, without the need to obtain any new facilities for a period of not less than 12 months from

the date of this report. On 23 April 2025 the Group renewed its core banking facility that was due to mature in May 2026. The existing multi-currency revolving facility has been amended and extended by a period of two years until May 2028. The existing facility has been increased to £105.0m from £85.0m. The principal banking covenants and other key terms remain unchanged.

### Material uncertainty as to going concern

On 13 June 2025, MPE Bid Co, a company majority-owned by a fund managed and controlled by Morgenthaler Private Equity ("MPE") announced a firm intention to acquire the issued, and to be issued, ordinary share capital of Renold plc in accordance with Rule 2.7 of the Takeover Code. The Directors of Renold plc highlight the following points:

- 1) Whilst the Directors have not had direct visibility of MPE's post completion funding for the Group, they have placed reliance on the certification made by both MPE and their financial advisors that sufficient financial resources are available for the transaction to be completed.
- 2) The Directors of Renold Plc have had no visibility of the strategic plans for the Group post transaction, and as such are unable to certify for a 12 month period post the date of these accounts that the Group post completion can continue for a period of 12 months from the date of this report.
- 3) The announcement of the acquisition qualifies as an event or condition that indicates that a material uncertainty exists that may cast significant doubt upon the Group and Parent Company's ability to continue as a going concern, under a future structure potentially introduced by MPE.

Following this assessment, and subject to the material uncertainty stated above, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the Consolidated Financial Statements. There are no key sensitivities identified in relation to this conclusion. The financial statements do not include any adjustments that would be required if the financial statements were prepared on a basis other than that of a going concern.

### Revenue

Revenue for goods sold is recognised at the value of the consideration specified in the contract with the customer for the sale of goods net of sales rebates, discounts, VAT and other sales related taxes and after eliminating sales within the Group. Revenue is recognised when the performance obligations of the Group have been fulfilled. Revenue is principally recognised at a point in time, when the obligation to despatch or deliver the specified goods is satisfied. There are a small number of contracts with customers for which performance obligations are satisfied over time. Revenue is recognised on the following basis:

#### (A) Sale of goods

Revenue recognised relates to the sale of high precision engineered power transmission products to a range of industries worldwide. Revenue is recognised on the sale of goods when the performance obligations of the Group, principally the obligation to despatch or deliver the specified goods, are satisfied, which is consistent with when the risks and rewards of ownership have transferred from the Group to the customer. This is normally the point of despatch to the customer when title passes.

For the small number of contracts with customers for which performance obligations are satisfied over time, the Group uses an appropriate method to measure progress, typically the cost input method, and recognises revenue commensurate with this progress over time. A cost input method is used as we believe that this method most closely aligns with our completion of each performance obligation. This may result in the recognition of contract assets or contract liabilities.

Payments from customers in relation to revenue recognised at a point in time may be received in advance of product manufacture, product shipment, or in line with agreed credit terms which are typically 30 to 60 days. In the case of revenue recognised over time, payment is usually received in line with pre-agreed contract milestones.

In some circumstances, the transaction price of our contract with a customer is variable. Where this is the case, we use either the expected value method or the most likely amount method so as to estimate the consideration to which we are entitled under the contract. The most appropriate method is selected based on the facts and circumstances of the contract, with similar circumstances being treated in the same way.

## (B) Sales rebates and discounts

These comprise customer discounts and rebates which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth or incentives for early payment. They are recognised in the same period as the sales to which they relate based upon management's best estimate of the amount necessary to meet claims made by the Group's customers in respect of these rebates and discounts such that the revenue recognised equals the consideration specified in the contract net of contractual rebates and discounts.

## Discounts received from suppliers

These comprise rebates and discounts received from suppliers as incentives to purchase increased volume or early settlement of amounts payable. They are recognised within operating costs over the period to which the contract or purchase relates.

## Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred with the exception of:

- amounts recoverable from third parties; and
- expenditure incurred in respect of the development of major new products, where the outcome of those projects is assessed as:
  - (i) being reasonably certain with regard to viability and technical feasibility; and
  - (ii) where the Group has obtained contractual commitments for the purchase of the new product covering a period of greater than 12 months.

Such expenditure is capitalised and amortised over the estimated period of sale for each product, commencing in the year that sales of the product are first made. Amortisation is charged on a straight-line basis.

## Government assistance

A grant shall not be recognised until there is reasonable assurance that the business will comply with the conditions attached to it and that the grant will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## Taxation

The tax charge included in the income statement comprises current tax payable and deferred tax.

The Group is subject to taxes in numerous jurisdictions. The current tax charge represents an estimate of the amounts payable to tax authorities in respect of taxable profits. It is based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised or taxable profit will be available against which unused tax losses can be utilised before they expire.

Deferred income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not the income statement. Similarly, income tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Deferred tax balances are analysed in Note 17.

## Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

## Goodwill

### (i) Initial recognition

Goodwill arises on business combinations and represents the excess of the cost of an acquisition over the Group's share of the identifiable net assets of the acquiree at the acquisition date. Where the cost is less than the Group's share of the identifiable net assets, the difference is immediately recognised in the income statement as a gain from a bargain purchase.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

# Accounting policies CONTINUED

## (ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investments, goodwill acquired directly is included in the carrying amount of the investment.

## (iii) Impairment

Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The cash generating unit to which the goodwill has been allocated is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Any impairment charge is recognised immediately in the income statement.

## Intangible assets

### (i) Computer software

Computer software that is not integral to an item of plant and equipment is recognised separately as an intangible asset. Amortisation is charged on a straight-line basis so as to charge the cost of software to the income statement over its expected useful life which is between three and seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

### (ii) Software as a service

For Software as a Service ('SaaS') arrangements, the Group capitalise costs only relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software and associated configuration and customised elements exists.

### (iii) Other intangible assets

Other intangible assets, such as those identified on acquisition by the Group that have finite useful lives, are recognised at fair value and measured at cost less accumulated amortisation and impairment losses. The estimated useful lives for the Group's finite life intangible assets are between three and ten years.

Intangible assets are reviewed, at least annually, to ensure that assets are not carried above their recoverable amounts. Where some indication of impairment exists, calculations are made of the discounted cash flows resulting from continued use of the assets (value-in-use) or from their disposal (fair value less costs to sell). Where these values are less than the carrying amount of the assets, an impairment loss is charged to the income statement.

## Property, plant and equipment

Tangible assets are stated at cost, being purchase cost plus any incidental costs of acquisition, less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective assets to the income statement over their expected useful lives. No depreciation has been charged on freehold land. The useful lives of assets are as follows:

	<b>Years</b>
Freehold buildings	50
Leasehold property improvements	50 years or the period of the lease if less
General plant and equipment	15
Fixtures	15
Precision cutting and grinding machines	10
Motor vehicles	3

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Refer to Note 16 for our treatment of dilapidations.

## Leasing and right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and associated finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has a large number of material property, equipment and vehicle leases.

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the Group's Consolidated Balance Sheet at the commencement of the lease. The right-of-use asset is initially measured at cost and includes the amount of initial measurement of the lease liability and any direct costs incurred, including advance lease payments and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Depreciation is charged to the Consolidated Income Statement to depreciate the right-of-use asset from the commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of any extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchased options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the Consolidated Income Statement over the period of the lease. Lease arrangements that are short term in nature or low value are charged directly to the Consolidated Income Statement when incurred. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise small items of furniture or equipment.

## Inventories

Inventories are stated at the lower of their cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated on a 'first in, first out' basis and includes all direct expenditure and attributable overhead expenditure incurred in bringing goods to their current state. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In the Group accounts, unrealised profit on sales within the Group is deducted from inventories.

## Trade and other receivables

Financial assets are carried at amortised cost less any impairment. The carrying amount of financial assets is reduced by an amount equal to the expected lifetime losses. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the Income Statement. As the balances do not contain a significant financing element, the simplified approach relating to expected lifetime losses has been applied. In accordance with IFRS 9 a provision matrix is used, grouping trade and other receivables based on their attributes, principally geographical region. Expected credit losses are calculated as the difference between the amount contractually owed to the Group and the cash flows which the Group expect to receive based on past default experience, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

## Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

## Borrowings

Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs, and any discount or premium on issue, are subsequently amortised under the effective interest rate method through the income statement as interest over the life of the loan and added to the liability disclosed in the balance sheet. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

## Trade and other payables

Trade and other payables, including accruals and other payables qualifying as financial instruments, are accounted for at amortised cost and are categorised as other financial liabilities.

## Provisions

Provisions are recognised when the Group: (i) has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Costs related to ongoing activities of the Group are not provided in advance.

## Deferred tax

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised within the foreseeable future (assessed to be five years). Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable authority and taxable entity, or where deferred tax relates to different taxable entities, the tax authority permits the Group to make a single net payment.

## Retirement benefit obligations

The Group operates a number of defined benefit plans around the world. The costs are calculated by independent actuaries using the projected unit credit method. Any past service costs resulting from enhanced benefits are recognised immediately in the income statement as an operating cost. Administration costs, including the Pensions Protection Levy, are charged to operating costs. However, plan asset management costs are included in the actual return on plan assets.

Remeasurement gains and losses, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest), are recognised in other comprehensive income in the period in which they occur. Actuarial gains and losses arise when actual results differ from the assessment outcomes which are used to calculate defined benefit assets and liabilities at a particular point in time.

The defined benefit liability or asset recognised in the balance sheet represents the net total for each plan of the present value of the benefit obligation at the balance sheet date, less the fair value of plan assets (for funded schemes) at the balance sheet date. If a plan is in surplus, the asset recognised is limited to the value of any amount expected to be recoverable by the Group by way of refunds or reduction in future contributions.

Under the Group's UK pension scheme rules, any surplus arising on payment of agreed contributions is fully recoverable.

For defined contribution plans, the Group's contributions are charged to the income statement in the period in which they fall due. Once the contributions have been paid, the Group has no further payment obligation.

## Share-based payments

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is calculated using a Black-Scholes pricing model and is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or performance shares granted. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon market or non-vesting conditions. Options with market conditions are accounted for as vesting, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied. The market-based conditions are linked to the market price of shares in the Company.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

## Financial instruments

### Derivative financial instruments and hedging activities

The Group is exposed to foreign currency risks arising from sales or purchases by businesses in currencies other than their functional currency. It is Group policy that, when the net foreign exchange exposure to known future sales and purchases is material, this exposure is hedged using forward foreign exchange contracts. The Group also has significant investments in overseas operations, particularly in the United States and Europe. As a result, the sterling value of the Group's balance sheet can be significantly affected by movements in exchange rates. The Group seeks to mitigate the effect of these translational currency exposures by matching the net investment in overseas operations with borrowings denominated in their functional currencies.

The derivative financial instruments (forward foreign exchange contracts) are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout

its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
- Hedges of a net investment in a foreign operation.

There are no fair value hedges.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

#### (i) Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when a forecast sale occurs.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the income statement.

#### (ii) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses relating to the effective portion are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in the income statement. On loss of control of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to the income statement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

## Preference shares

The Group's 6% cumulative preference stock of £1 each 'preference stock' has been classified as a liability. Dividends payable are included within net finance costs.

## Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. IFRS 13 'Fair value measurement' requires fair value measurements to be classified according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – valuations in which all inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuations in which one or more inputs that are significant to the resulting value are not based on observable market data.

See Note 24(A) for information on the methods the Group uses to estimate the fair values of its financial instruments.

## Critical judgements in the application of the group's accounting policies

In the course of preparing the financial statements, certain judgements have been made in the process of applying the Group's accounting policies, in addition to those involving estimations (below), that have had a significant effect on the amounts recognised in the financial statements.

### Tax transfer pricing

The Group operates across a number of jurisdictions and is subject to different tax laws and regulations.

Management ensures that all intragroup dealings are in accordance with the arm's length principle of transfer pricing, and with regard to local domestic tax legislation as it incorporates transfer pricing principles.

The Group has a global transfer pricing policy in place and applies, to the maximum extent possible, pricing that is consistent with the arm's length principle.

Transfer pricing, by its very nature, is subject to uncertainty in terms of whether tax jurisdictions will challenge the application of the arm's length principle. Additionally, the benchmarking process (used to arrive at reliable and accurate comparable data) is also subject to a degree of uncertainty.

Management at all times seeks to resolve any transfer pricing judgement uncertainty by relying on the advice of professional service firms, in-house tax knowledge, and expertise in similar transactions from the past.

### Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the Group's assets or liabilities in the future. The Directors have considered the potential impact of climate change on the key sources of estimation uncertainty and concluded that there was no impact on the assumptions disclosed.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### (A) Taxation

The Group records liabilities in respect of open tax computations where the liabilities remain to be agreed with the relevant tax authorities. At 31 March 2025 the provision for open tax matters totalled £2.2m (31 March 2024: £1.8m). The uncertain tax items for which a liability is recorded principally relate to ongoing tax audits and the interpretation of tax legislation. Due to the uncertainty associated with such tax items, it is possible that at a future date, on conclusion of open tax matters, the final outcome may vary significantly. While a range of outcomes is reasonably possible, the extent of this range is additional liabilities of up to £0.7m (31 March 2024: £0.5m) to a reduction in liabilities of up to £1.3m (31 March 2024: £1.1m).

### (B) Retirement benefit obligations

The valuation of the Group's defined benefit plans are determined by using actuarial valuations. These involve making assumptions about discount rates, mortality rates, future salary increases and future pension increases (future salary and pension increases are linked to inflation rate assumptions). Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Net interest is calculated by applying the discount rate to the net defined benefit liability. Further details are given in Note 18.

### (C) Customer claims

Despite the Group operating to the highest possible technical standards for the products which it manufactures, occasionally the Group encounters situations where claims are made by customers, for products supplied, which fail to meet the exact standards that the Group tries to meet. Significant commercial and technical judgement needs to be exercised in both determining the extent of any probable cash outflow, resulting from customers claims, but also assessing the amount of any settlement, especially in light of the future potential trading relationship with the customer concerned.

### (D) Inventory valuation

Determining the carrying value of the Group's inventory involves a number of estimations and assumptions, including:

- those involved in deriving the gross value of inventory under the Group's standard cost methodology; and
- those involved in calculating an appropriate level of provision.

The Group's standard cost methodology allocates amounts of attributable direct costs, indirect costs and overheads incurred in the production process to the value of work in progress and finished goods. Determining the amount to absorb into these manufactured inventory balances involves deciding which cost lines should be included within the standard costing model. The standard costing model is also dependent on production volume and machine hours. While the inputs to the model are subject to detailed review and challenge, they rely on the estimations of management.

The calculation of inventory provisions requires estimation by management of the expected value of future sales. If the carrying value of inventory is higher than the expected recoverable value, the Group makes provisions to write inventory down to its net recoverable value. Inventory is initially assessed for impairment by comparing inventory levels to utilisation rates over the last 24 months.

## Accounting policies CONTINUED

At 31 March 2025, there was a total provision of £20.2m (2024: £18.3m) against gross inventory of £87.4m (2024: £78.9m). See Note 11 for a breakdown of inventory. The key driver of the provision is underpinned by the Group's estimate of demand for individual products and the overall level of inventory held. Based on uncertainties in the market, the Group continues to calculate the provision by reference to the higher of two years historical demand or committed future orders. Consequently, the key sensitivities to the provision are the extent of recovery and performance across the various markets in which the Group operates. Should demand be lower than expected, this would result in an increase in the value of the provision as a proportion of inventory. A 5% increase in the proportion of raw materials provided for would increase the provision by £0.6m (2024: £0.5m) and a 5% increase in the proportion of finished goods provided for would increase the provision by £2.9m (2024: £2.7m).

### **(E) Dilapidations and site rectifications on closed sites**

The Group maintains provisions in relation to closed sites, including dilapidation and environmental provisions. Management review these provisions on a regular basis, in conjunction with third party expert surveyors and specialists, in order to provide the relevant expertise to inform key estimates.

### **(F) Valuation of intangible assets other than goodwill acquired in business combinations**

During the year amounts have been recognised in accordance with IFRS 3 in relation to customer lists, non-compete agreements and brands as a result of the acquisition of Mac Chain. Management have used a third party expert to assist in the valuation of these assets. The customer relationships acquired have been valued using estimates of useful lives and discounted cash flows of expected income, the non-compete agreements have been valued using the comparative income differential method and the brands have been valued using the discounted cash flows of expected income. More details on the significant assumptions used when measuring these assets are included in Note 7, with the respective carrying values presented in Note 8.

## **Adoption of new and revised standards**

### **(A) New and revised accounting standards adopted by the group**

During the year, the International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards, amendments and interpretations, which are considered relevant to the Group. Their adoption has not had any significant impact on the amounts or disclosures reported in these financial statements. The amendments that became applicable for annual reporting periods commencing on or after 1 January 2024 were:

- IAS 7 Statement of cash flows and IFRS 7 Financial instrument Disclosures
- Amendments to IAS 1 Classification of liabilities as current or non-current
- Amendments to IAS 1 Non-current liabilities with covenants
- Amendments to IFRS 16 Lease liability in a sale and leaseback

### **(B) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early by the group**

The IASB published a number of amendments to IFRSs, new standards and interpretations which are not yet effective, and of which some have been endorsed for use in the EU. An impact assessment has been performed for each of these, with no significant financial impact being identified for the consolidated financial statements of the Group and the separate financial statements of Renold plc. The amendments, new standards and interpretations will be adopted in accordance with their effective dates.

- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates
- Amendments to IFRS 9 Financial Instruments
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity

## 1. Segmental information

For management purposes, the Group is organised into two operating segments according to the nature of their products and services and these are considered by the Directors to be the reportable operating segments of Renold plc as shown below:

- The Chain segment manufactures and sells power transmission and conveyor chain and also includes sales of torque transmission products through Chain National Sales Companies (NSCs); and
- The Torque Transmission segment manufactures and sells torque transmission products, such as gearboxes and couplings.

No operating segments have been aggregated to form the above reportable segments.

The Chief Operating Decision Maker (CODM) for the purposes of IFRS 8 'Operating Segments' is considered to be the Board of Directors of Renold plc. Management monitor the results of the separate reportable operating segments based on operating profit and loss which is measured consistently with operating profit and loss in the consolidated financial statements. The same segmental basis applies to decisions about resource allocation. Disclosure has been included in respect of working capital as opposed to operating assets of each segment as this is the measure reported to the CODM on a regular basis. However, Group finance costs, retirement benefit obligations and income taxes are managed on a Group basis and therefore are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Chain <sup>2</sup> £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
<b>Year ended 31 March 2025</b>				
Revenue				
External customer – transferred at a point in time	194.6	44.3	–	238.9
External customer – transferred over time	–	6.2	–	6.2
Inter-segment <sup>1</sup>	0.7	4.3	(5.0)	–
<b>Total revenue</b>	<b>195.3</b>	<b>54.8</b>	<b>(5.0)</b>	<b>245.1</b>
<b>Operating profit/(loss)</b>	<b>29.5</b>	<b>10.9</b>	<b>(11.9)</b>	<b>28.5</b>
Finance costs				(7.9)
<b>Profit before tax</b>				<b>20.6</b>
Taxation				(5.5)
<b>Profit after tax</b>				<b>15.1</b>
<b>Other disclosures</b>				
Working capital <sup>3</sup>	52.0	5.7	(3.5)	54.2
Capital expenditure <sup>4</sup>	9.7	5.5	1.2	16.4
Total depreciation and amortisation	8.4	1.8	2.0	12.2

# Notes to the consolidated financial statements CONTINUED

## 1. Segmental information CONTINUED

Year ended 31 March 2024	Chain <sup>2</sup> £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Revenue				
External customer – transferred at a point in time	191.9	45.3	–	237.2
External customer – transferred over time	–	4.2	–	4.2
Inter-segment <sup>1</sup>	0.9	4.0	(4.9)	–
<b>Total revenue</b>	<b>192.8</b>	<b>53.5</b>	<b>(4.9)</b>	<b>241.4</b>
<b>Operating profit/(loss)</b>	<b>32.8</b>	<b>8.4</b>	<b>(10.7)</b>	<b>30.5</b>
Finance costs				(7.6)
<b>Profit before tax</b>				<b>22.9</b>
Taxation				(5.8)
<b>Profit after tax</b>				<b>17.1</b>
<b>Other disclosures</b>				
Working capital <sup>3</sup>	43.4	11.0	(7.7)	46.7
Capital expenditure <sup>4</sup>	5.3	2.4	1.3	9.0
Total depreciation and amortisation	7.1	1.7	2.0	10.8

<sup>1</sup> Inter-segment revenues are eliminated on consolidation.

<sup>2</sup> Included in Chain external sales is £7.0m (2024: £6.9m) of Torque Transmission product sold through the Chain NSCs, usually in countries where Torque Transmission does not have its own presence.

<sup>3</sup> The measure of segment assets reviewed by the CODM is total working capital, defined as inventories and trade and other receivables, less trade and other payables. Working capital is also measured as a ratio of rolling annual sales.

<sup>4</sup> Capital expenditure consists of additions to property, plant and equipment and intangible assets.

In addition to statutory reporting, the Group reports certain financial metrics on an adjusted basis (alternative performance measures, APMs). Definitions of adjusted measures, and information about the differences to statutory metrics are provided within the APM section within the financial statements. Current year adjusting items include: £1.6m (2024: £1.0m) of amortisation of acquired intangibles, £0.4m (2024: £nil) of Valencia flood impact, £0.6m of unwind on fair value of inventory on acquisition (2024: £nil), £1.6m (2024: £0.5m) of acquisition costs, £0.5m income (2024: £nil) relating to the release of a dilapidation provision on acquisition of leased property and £nil (2024: £2.3m) income relating to assignment of lease and costs of closed sites.

## Future performance obligations

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at 31 March 2025 is £83.0m (2024: £83.6m). This mostly comprises of the obligation to manufacture and supply standard Group products. The majority of this revenue is recognised at a point in time.

An amount of £24.6m (2024: £13.3m) relates to revenue from a small number of large customer contracts, for which revenue is recognised over time in line with progress against performance obligations. This revenue is expected to be recognised over the next ten years (2024: over the next seven years).

Constant exchange rate results are current period results retranslated using prior year exchange rates. A reconciliation is provided below and within the APMs.

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
<b>Year ended 31 March 2025</b>				
Revenue				
External customer – transferred at a point in time	194.6	44.3	–	238.9
External customer – transferred over time	–	6.2	–	6.2
Inter-segment	0.7	4.3	(5.0)	–
Foreign exchange retranslation	5.0	0.7	–	5.7
<b>Total revenue at constant exchange rates</b>	<b>200.3</b>	<b>55.5</b>	<b>(5.0)</b>	<b>250.8</b>
Operating profit/(loss)	29.5	10.9	(11.9)	28.5
Foreign exchange retranslation	0.7	0.1	–	0.8
<b>Operating profit/(loss) at constant exchange rates</b>	<b>30.2</b>	<b>11.0</b>	<b>(11.9)</b>	<b>29.3</b>

## Geographical analysis of external sales by destination, non-current asset location and average employee numbers

The UK is the home country of the parent company, Renold plc. The principal operating territories, the proportions of Group external revenue generated (customer location), external revenue, non-current assets (asset location) and average employee numbers in each are as follows:

	Revenue ratio		External revenue		Non-current assets		Average employee numbers	
	2025 %	2024 %	2025 £m	2024 £m	2025 £m	2024 £m	2025	2024
United Kingdom	7.3	9.1	18.0	21.9	15.8	13.8	282	293
Rest of Europe	27.7	29.7	67.7	71.8	36.5	39.1	565	571
US & Canada	43.8	42.0	107.2	101.1	56.4	33.7	315	281
Australasia	11.9	10.5	29.2	25.4	6.8	6.9	135	138
China	4.1	4.0	10.1	9.7	13.3	13.4	228	227
India	3.6	3.2	8.9	7.8	6.6	5.1	331	330
Other countries	1.6	1.5	4.0	3.7	–	–	–	–
	<b>100.0</b>	<b>100.0</b>	<b>245.1</b>	<b>241.4</b>	<b>135.4</b>	<b>112.0</b>	<b>1,856</b>	<b>1,840</b>

All revenue relates to the sale of goods and services. No individual customer, or group of customers, represents more than 10% of Group revenue (2024: None more than 10%).

Non-current assets consist of goodwill, other intangible assets, right-of-use assets and property, plant and equipment. Deferred tax assets are not included in the above.

Employees are categorised as direct or indirect. The split of average employee numbers are direct 1,070 (2024: 981) and indirect 786 (2024: 859).

# Notes to the consolidated financial statements CONTINUED

## 2. Operating costs and adjusting items

(A) Operating profit is stated after charging/(crediting):

	2025		2024	
	£m	£m	£m	£m
Change in finished goods and work in progress		(6.2)		(0.5)
Raw materials and consumables		86.4		81.1
Other external charges		36.0		37.5
Employee costs				
Gross wages and salaries	69.3		67.0	
Social security costs	9.9		9.7	
Pension costs				
– defined contribution	1.6		1.4	
Share-based incentive plans (including related social security costs)	2.0		1.9	
		82.8		80.0
Depreciation of property, plant and equipment				
– owned assets		6.3		6.1
– right-of-use assets		3.1		2.7
Amortisation of intangible assets		1.1		1.1
Amortisation of acquired intangible assets		1.6		1.0
Acquisition costs		1.6		0.5
Short-term leases and leases of low-value assets – plant and machinery		0.2		0.1
Profit on disposal of owned property, plant and equipment		(0.1)		–
Research and development expenditure		0.8		0.8
Auditor's remuneration (Note 2(B))		1.0		0.9
Net foreign exchange losses		0.6		0.7
Pension administration costs (Note 18)		0.9		1.2
Impact of Valencia flood		0.4		–
Unwind of fair value inventory uplift on acquisition		0.6		–
Non-recurring profit on disposal of right-of-use asset and associated lease liability		–		(2.3)
Release of dilapidation provision on acquisition of leased property		(0.5)		–
<b>Total operating costs</b>		<b>216.6</b>		<b>210.9</b>

### Valencia flood

On Tuesday 29 October, Renold's manufacturing facility in Valencia was impacted by extensive flooding. Although damage to manufacturing equipment was significant, the Group carries business interruption and property damage insurance. Thankfully no employees were hurt or injured by the flood and Valencia distribution facility, representing approximately 70% of the Spanish business, was not impacted. The costs relating to the flood and the associated insurance income have, to date, been accounted for as follows:

	Gross cost £m	Allocation of insurance income £m	Net £m
Fixed asset impairment	2.3	(2.3)	–
Margin shortfall covered by business interruption	1.0	(1.0)	–
Direct clean-up costs	0.6	(0.6)	–
Professional fees and insurance deductible	0.4	–	0.4
Insurance payments on account	(1.4)	1.4	–
Insurance income accrued	(2.5)	2.5	–
<b>Total</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>

The cost associated with the Valencia flood are as follows:

Fixed asset impairment – the net book value of production machinery that was damaged due to the flood in the Valencia factory is £2.3m. The Group insurance policy is split into two sections: the local policy, which provides compensation for the net book value of assets destroyed and a separate Group policy, which provides top up cover for the replacement cost of these assets, with an potential recovery of £6.9m on a new for old basis if machinery cannot be repaired or a suitable replacement found. As at year end the Group is confident of recovering, as a minimum, the net book value of the damaged assets from the local policy which are in advanced stages of discussion. The claim for the Group element has been notified to the insurance company, but as negotiations are in the early stages, we have not recognised the additional income in respect of the top up policy, due to the uncertainty around whether the assets can be repaired or replaced.

Business interruption – following the flood, the operating profit of the Valencia factory was £1.0m below the prior year level for the same period. The agreed mechanism for calculating the impact of the business interruption claim is in excess of this amount, however, the Group expects, as at 31 March 2025, that as a minimum £1.0m will be recovered. The Group has not recognised amounts in excess of this, due to uncertainty over the final negotiations.

Direct clean-up costs – the local insurance coverage allows for direct costs incurred to be claimed. The Group received £1.4m of payments on account by the end of the financial year to cover direct clean-up costs and deposits on capital equipment replacement.

Professional fees and insurance deductible – the Group expects to incur approximately £1.0m of professional fees and deductible costs in relation to the full insurance claim. The Group has accrued a proportion of these costs in line with the expected insurance proceeds recognised to date. The final amount of fees and deductible recognised will be dependent on the level of the total potential claim, currently expected to be in the region of £10.6m, if all elements of the insurance claim are successful. Based on the current stage of the claim negotiations, we believe that a reasonable estimate of the recoverable amount based on the facts and circumstances at the balance sheet date is to recognise £2.3m in respect of the property plant and equipment which has been impaired, £1.0m of lost margin in the period following the flood up to the year end, £0.6m in respect of incurred clean-up costs, offset by £1.4m which has already been received from the local insurance policy as an advance payment and £0.4m of accrued professional fees and insurance excess which results in a total asset of £1.1m.

## (B) Auditor's remuneration

	2025 £'000	2024 £'000
Audit of the Group's annual financial statements	267	260
Audit of the Company's subsidiaries	699	637
<b>Total audit fees</b>	<b>966</b>	897
<b>This is reported in the following captions in the financial statements:</b>		
Operating costs	966	897

## (C) Employees and key management compensation

Employee costs, including Directors, are set out in Note 2(A). Key management personnel are represented by the Board and their aggregate emoluments were as follows:

	2025 £'000	2024 £'000
Statutory Directors' remuneration	1,567	1,498
Share-based payment charge including social security	1,157	1,046
Social security costs	212	196
Contributions to defined contribution pension plans	18	17
<b>Total</b>	<b>2,954</b>	2,757

Further details of the remuneration of Directors are provided in the Directors' remuneration report on pages 52 to 57.

All directors are employed by the parent company Renold plc, therefore the Group and company only disclosures will be the same.

The share-based payment charge includes amounts attributable to related employers social security charges.

A geographical split of the Group's average number of employees during the year is included in Note 1. The total number of employees employed by the Group at 31 March 2025 was 1,928 (2024: 1,824).

# Notes to the consolidated financial statements CONTINUED

## 3. Finance costs

	2025 £m	2024 £m
<b>Finance costs:</b>		
Interest payable on bank loans and overdrafts*	4.1	3.7
Interest expense on lease liabilities*	1.0	0.8
Amortised financing costs*	0.4	0.3
<b>Loan finance costs</b>	<b>5.5</b>	4.8
Net IAS 19 finance costs	2.4	2.7
Discount unwind on non-current trade and other payables	–	0.1
<b>Finance costs</b>	<b>7.9</b>	7.6

\* Amounts arising on financial liabilities measured at amortised cost.

## 4. Taxation

### Analysis of tax charge in the year

	2025 £m	2024 £m
<b>United Kingdom</b>		
UK corporation tax at 25% (2024: 25%)	–	0.8
<b>Overseas taxes</b>		
Corporation taxes	4.8	4.4
Adjustments in respect of prior periods	(1.1)	1.0
Withholding taxes	0.2	0.3
Current income tax charge	3.9	6.5
<b>Deferred tax</b>		
UK – origination and reversal of temporary differences	1.3	1.3
Overseas – origination and reversal of temporary differences	1.0	1.1
Adjustments in respect of prior periods	0.1	(0.7)
Movement in unprovided deferred tax balances	(0.8)	(2.4)
Total deferred tax charge/(credit) (Note 17)	1.6	(0.7)
<b>Tax charge on profit on ordinary activities</b>	<b>5.5</b>	5.8

	2025 £m	2024 £m
<b>Tax on items taken to other comprehensive income</b>		
Deferred tax on changes in net pension deficits	1.1	0.4
Tax on fair value of derivatives direct to reserves	–	(0.1)
<b>Tax charge in the statement of other comprehensive income</b>	<b>1.1</b>	0.3

### Factors affecting the group tax charge for the year

The decrease in the current tax charge is attributable to reduced taxable profits across the Group.

At 31 March 2025, the provision for open tax matters totalled £2.2m (31 March 2024: £1.8m).

The Group's tax charge in future years will be affected by the profit mix, effective tax rates in the different countries where the Group operates and utilisation of tax losses. A deferred tax liability of £0.4m is recognised on the gross unremitted earnings of £35.7m of overseas subsidiaries in accordance with IAS 12.39.

The actual tax on the Group's profit before tax differs from the theoretical amount using the UK corporation tax rate as follows:

	2025 £m	2024 £m
Profit on ordinary activities before tax	20.6	22.9
Tax charge at UK statutory rate of 25% (2024: 25%)	5.2	5.7
Effects of:		
Non-taxable income	(0.1)	(0.1)
Non-deductible expenditure	0.9	1.6
Movement in uncertain tax positions	0.8	-
Overseas tax rate differences	0.2	0.5
Adjustments in respect of prior periods	(0.9)	0.3
Movement in unrecognised deferred tax	(0.8)	(2.5)
Withholding taxes	0.2	0.3
<b>Total tax charge</b>	<b>5.5</b>	<b>5.8</b>

## Effective tax rate

The effective tax rate of 27% (2024: 25%) is higher than the prevailing UK tax rate of 25% (2024: 25%). The increase in the effective tax rate is primarily driven by a change in the profit mix across the Group, with higher profits in jurisdictions where the prevailing tax rate is higher than the UK tax rate as well as an increase in centrally held uncertain tax provisions and an increase in non-deductible expenses relating to acquisition costs in the period.

## Tax payments

Cash tax paid in the year was £7.0m (2024: £3.8m). The increase is attributable to cash tax being paid in the period relating to historic years where the tax returns were finalised and filed in the FY25 period and the Group fully utilising available brought forward losses in both Germany and the US.

## 5. Earnings per share

Earnings per share (EPS) is calculated by reference to the earnings for the year and the weighted average number of shares in issue during the year as follows:

	2025			2024		
	Earnings £m	Shares (thousands)	Per share amount (pence)	Earnings £m	Shares (thousands)	Per share amount (pence)
<b>Basic EPS - Profit attributed to ordinary shareholders</b>	<b>15.1</b>	<b>198,573</b>	<b>7.6</b>	17.1	206,908	8.3
Effect of adjusting items, after tax:						
Amortisation of acquired intangible assets	1.6		0.8	1.0		0.5
Acquisition costs	1.6		0.8	0.5		0.2
Release of dilapidation provision on acquisition of leased property	(0.5)		(0.2)	-		-
- Tax on release of dilapidation provision <sup>1</sup>	0.1		0.1	-		-
Impact of Valencia flood	0.4		0.2	-		-
- Tax impact of Valencia flood <sup>1</sup>	(1.0)		(0.5)	-		-
Unwind of fair value inventory uplift on acquisition	0.6		0.3	-		-
- Tax impact of unwind of fair value inventory uplift on acquisition <sup>1</sup>	(0.1)		(0.1)	-		-
- Deferred tax triggered on acquisition <sup>1</sup>	-		-	(1.0)		(0.5)
Assignment of lease and cost of closed sites	-		-	(2.3)		(1.1)
- Tax on assignment of lease and cost of closed sites	-		-	0.8		0.4
<b>Adjusted EPS</b>	<b>17.8</b>	<b>198,573</b>	<b>9.0</b>	16.1	206,908	7.8

<sup>1</sup> During the current year, £1.0m of adjusting items after tax have been recognised in relation to the impact of the Valencia flood, unwind of fair value inventory uplift on acquisition and the release of dilapidation provisions on acquisition of leased property. During the prior year, £1.0m of deferred tax asset was recognised on brought forward tax losses for the Group's Australian entity, triggered by the acquisition of the trading assets of Davidson Chain PTY ("Davidson"). The acquisition resulted in a step change in the profitability of the Australian business such that it is now probable that taxable profits exist, against which previously unrecognised tax losses and temporary differences can be utilised. Consistent with the amortisation of acquired intangibles and other significant, non-recurring items, the deferred tax credit has been excluded for purposes of calculating adjusted EPS as it represents a significant non-recurring and acquisition-related item.

# Notes to the consolidated financial statements CONTINUED

## 5. Earnings per share CONTINUED

Inclusion of the dilutive securities, comprising 29,041,022 (2024: 27,488,748) additional shares due to share options, in the calculation of basic and adjusted EPS changes the amounts shown above to 6.6p and 7.8p respectively (2024: basic EPS 7.3p, adjusted EPS 6.9p).

The adjusted EPS numbers have been provided in order to give a useful indication of underlying performance by the exclusion of adjusting items. Due to the existence of unrecognised deferred tax assets there were no associated tax credits on some of the adjusting items and in these instances adjusting items are added back in full.

In accordance with IAS 33, the shareholding used in the calculation of EPS and adjusted EPS, is adjusted for the weighted average shareholdings held within the Renold Employee Benefit Trust.

## 6. Dividends

During 2025, Renold plc paid dividends of £1.0m (2024: £nil) to its equity shareholders. This represents a payment of 0.5p per share (2024: nil per share).

In light of the MPE Offer, announced on 13 June 2025, the Board has decided not to declare a final dividend for the year ended 31 March 2025 ("FY25"), as MPE has reserved the right to decrease the price per Renold share payable in respect of the Acquisition for any dividend declared, made, paid or that becomes payable by Renold on or prior to the effective date of the Acquisition.

## 7. Goodwill

	2025 £m	2024 £m
<b>Cost</b>		
At 1 April	32.9	31.7
Acquisition of subsidiary (Note 25)	5.7	1.8
Exchange adjustment	(1.0)	(0.6)
<b>At 31 March</b>	<b>37.6</b>	32.9
<b>Accumulated impairment</b>		
At 1 April	3.6	3.5
Exchange adjustment	-	0.1
<b>At 31 March</b>	<b>3.6</b>	3.6
<b>Carrying amount</b>	<b>34.0</b>	29.3

## Impairment testing

The Group performed its annual impairment test of goodwill at 31 March 2025 which compares the current book value to the recoverable amount from the continued use or sale of the related business.

The recoverable amount of each Cash Generating Unit (CGU) has been determined on a value-in-use basis, calculated as the net present value of cash flows derived from detailed financial plans. All business units in the Group have submitted a budget for the financial year ending 31 March 2026 and strategic plan forecasts for the two financial years ending 31 March 2028. The budget and strategic forecasts, which are subject to detailed review and challenge, were approved by the Board. The Group prepares cash flow forecasts based on these projections for the first three years, with years four and five extrapolated based on known future events, recently observable trends and management expectations. A terminal value calculation is used to estimate the cash flows after year five.

Sensitivity analysis has been performed including a zero revenue growth scenario (with current year revenue modelled for all future periods of the forecast) and a reverse stress test, to determine the extent of downturn which would result in a potential impairment. Revenue would have to reduce by 19% in the first year of the period under review (worse than the decline seen during the Covid pandemic) for the first CGU containing goodwill to require potential impairment. Under the reverse stress test the first CGU with headroom that eliminated was India.

The forecasts used for the impairment review are consistent with those used in the Going Concern review.

The key assumptions used in the value-in-use calculations are:

- Sales: Forecast sales are built up with reference to expected sales prices and volumes from individual markets and product categories based on past performance, projections of developments in key markets and management's judgement;
- Margins: Forecast margins reflect historical performance and management's experience of each CGU's profitability at the forecast level of sales including the impact of all completed restructuring projects. The projections do not include the impact of future restructuring projects to which the Group is not yet committed;
- Discount rate: Pre-tax discount rates have been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested; and
- Long-term growth rates: As required by IAS 36, cash flows beyond the period of projections are extrapolated using long-term growth rates published by the Organisation for Economic Co-operation and Development for the territory in which the CGU is based. The discount rates applied to the cash flows of each of the CGUs are based on the risk free rate for long-term bonds issued by the government in the respective market. This is then adjusted to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU (using an average of the betas of comparable companies). These rates do not reflect the long-term assumptions used by the Group for investment planning.

The Directors do not currently consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value for any CGU. No impairment charge has been recognised in the current or prior period for any CGU. The goodwill acquired in the year relating to Mac Chain has been allocated to the Americas CGU.

Cash generating unit	Growth rates		CGU discount rates (pre-tax)		Carrying values	
	2025 %	2024 %	2025 %	2024 %	2025 £m	2024 £m
Americas (Jeffrey Chain, Mac Chain)	2.0	2.1	13.9	12.7	25.9	20.8
Australia (Ace Chains, Davidson Chain)	2.3	2.3	10.9	10.4	2.0	2.2
India (Renold Chain)	6.5	6.3	18.1	15.9	1.6	1.7
Europe & China (Renold Tooth Chain, YUK)	1.4	1.2	14.8	15.1	4.5	4.6
					34.0	29.3

# Notes to the consolidated financial statements CONTINUED

## 8. Intangible assets

	Customer order book £m	Customer relationships £m	Technical know-how £m	Non-compete agreements £m	Brand £m	Computer software £m	Total £m
<b>Cost</b>							
At 1 April 2023	0.3	10.0	0.2	1.8	-	21.4	33.7
Exchange adjustment	-	(0.2)	-	-	-	(0.3)	(0.5)
Additions	-	-	-	-	-	1.3	1.3
Recategorisation (Note 9)	-	-	-	-	-	0.5	0.5
Disposals	-	-	-	-	-	(0.1)	(0.1)
Acquisition of subsidiary	-	0.7	-	0.4	-	-	1.1
<b>At 31 March 2024</b>	<b>0.3</b>	<b>10.5</b>	<b>0.2</b>	<b>2.2</b>	<b>-</b>	<b>22.8</b>	<b>36.0</b>
Exchange adjustment	(0.1)	(0.6)	-	-	-	-	(0.7)
Additions	-	-	-	-	-	1.5	1.5
Acquisition of subsidiary (Note 25)	-	8.8	-	0.3	0.4	-	9.5
<b>At 31 March 2025</b>	<b>0.2</b>	<b>18.7</b>	<b>0.2</b>	<b>2.5</b>	<b>0.4</b>	<b>24.3</b>	<b>46.3</b>
<b>Accumulated amortisation and impairment</b>							
At 1 April 2023	0.3	4.9	0.2	0.2	-	17.2	22.8
Exchange adjustment	-	(0.3)	-	-	-	-	(0.3)
Amortisation charge	-	0.7	-	0.4	-	1.0	2.1
Disposals	-	-	-	-	-	(0.1)	(0.1)
<b>At 31 March 2024</b>	<b>0.3</b>	<b>5.3</b>	<b>0.2</b>	<b>0.6</b>	<b>-</b>	<b>18.1</b>	<b>24.5</b>
Exchange adjustment	(0.1)	0.1	-	(0.1)	-	(0.2)	(0.3)
Amortisation charge	-	1.2	-	0.4	-	1.2	2.8
<b>At 31 March 2025</b>	<b>0.2</b>	<b>6.6</b>	<b>0.2</b>	<b>0.9</b>	<b>-</b>	<b>19.1</b>	<b>27.0</b>
<b>Net book amount</b>							
<b>At 31 March 2025</b>	<b>-</b>	<b>12.1</b>	<b>-</b>	<b>1.6</b>	<b>0.4</b>	<b>5.2</b>	<b>19.3</b>
At 31 March 2024	-	5.2	-	1.6	-	4.7	11.5

During the year amounts have been recognised in accordance with IFRS 3 in relation to customer lists, non-compete agreements and brands as a result of the acquisition of Mac Chain (Note 25). The customer relationships acquired have been valued using estimates of useful lives and discounted cash flows of expected income, the non-compete agreements have been valued using the comparative income differential method and the brands have been valued using the discounted cash flows of expected income.

The prior year acquisition of the Davidson business resulted in the recognition of amounts in relation to customer lists and non-compete agreements. The remaining amounts recognised for customer relationships, customer order book and technical know-how were acquired with the acquisition of the Industrias YUK S.A business, Brooks business and the Tooth Chain (Germany) business, of which the latter is now fully depreciated.

## 9. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
At 1 April 2023	25.9	137.8	163.7
Exchange adjustment	(0.9)	(3.6)	(4.5)
Additions	0.4	7.3	7.7
Disposals	(0.2)	(2.7)	(2.9)
Recategorisation (Note 8)	0.7	(1.2)	(0.5)
Acquisition of subsidiary	–	0.1	0.1
<b>At 31 March 2024</b>	<b>25.9</b>	<b>137.7</b>	<b>163.6</b>
Exchange adjustment	(0.5)	(2.9)	(3.4)
Additions	3.9	11.0	14.9
Disposals	–	(5.9)	(5.9)
Recategorisation	(0.2)	0.2	–
Acquisition of subsidiary (Note 25)	–	1.0	1.0
<b>At 31 March 2025</b>	<b>29.1</b>	<b>141.1</b>	<b>170.2</b>
<b>Accumulated depreciation and impairment</b>			
At 1 April 2023	8.9	98.0	106.9
Exchange adjustment	(0.2)	(2.5)	(2.7)
Charge for the year	0.6	5.5	6.1
Disposals	(0.2)	(2.6)	(2.8)
<b>At 31 March 2024</b>	<b>9.1</b>	<b>98.4</b>	<b>107.5</b>
Exchange adjustment	(0.3)	(1.9)	(2.2)
Charge for the year	0.6	5.7	6.3
Disposals	–	(3.9)	(3.9)
<b>At 31 March 2025</b>	<b>9.4</b>	<b>98.3</b>	<b>107.7</b>
<b>Net book amount</b>			
<b>At 31 March 2025</b>	<b>19.7</b>	<b>42.8</b>	<b>62.5</b>
At 31 March 2024	16.8	39.3	56.1

Property, plant and equipment pledged as security for liabilities amounted to £42.5m (2024: £35.2m).

### Future capital expenditure

At 31 March 2025 capital expenditure contracted for but not provided for in these accounts amounted to £2.9m (2024: £1.7m).

# Notes to the consolidated financial statements CONTINUED

## 10. Leasing and right-of-use assets

### Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
At 1 April 2023	22.8	1.7	24.5
Exchange adjustment	(0.5)	-	(0.5)
Additions	1.7	1.4	3.1
Recategorisation	-	(0.1)	(0.1)
Disposals	(4.4)	(0.5)	(4.9)
<b>At 31 March 2024</b>	<b>19.6</b>	<b>2.5</b>	<b>22.1</b>
Exchange adjustment	(0.6)	(0.1)	(0.7)
Acquisition of subsidiary (Note 25)	5.5	-	5.5
Additions	2.4	1.0	3.4
Recategorisation	(0.5)	-	(0.5)
Disposals	(3.4)	(0.5)	(3.9)
<b>At 31 March 2025</b>	<b>23.0</b>	<b>2.9</b>	<b>25.9</b>
<b>Accumulated depreciation and impairment</b>			
At 1 April 2023	7.1	0.9	8.0
Exchange adjustment	(0.1)	0.1	-
Charge for the year	2.0	0.6	2.6
Recategorisation	-	(0.1)	(0.1)
Disposals	(3.0)	(0.5)	(3.5)
<b>At 31 March 2024</b>	<b>6.0</b>	<b>1.0</b>	<b>7.0</b>
Exchange adjustment	(0.1)	-	(0.1)
Charge for the year	2.5	0.6	3.1
Recategorisation	(0.5)	-	(0.5)
Disposals	(2.7)	(0.5)	(3.2)
<b>At 31 March 2025</b>	<b>5.2</b>	<b>1.1</b>	<b>6.3</b>
<b>Net book amount</b>			
<b>At 31 March 2025</b>	<b>17.8</b>	<b>1.8</b>	<b>19.6</b>
At 31 March 2024	13.6	1.5	15.1

### Lease liabilities

	2025 £m	2024 £m
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	3.5	2.9
One to two years	3.4	2.6
Two to five years	10.0	4.4
More than five years	9.8	11.2
<b>Total undiscounted lease liabilities at 31 March</b>	<b>26.7</b>	<b>21.1</b>
Less: Interest allocated to future periods	(6.9)	(6.0)
<b>Lease liabilities included in the Consolidated Balance Sheet</b>	<b>19.8</b>	<b>15.1</b>
Current	2.5	2.3
Non-current	17.3	12.8

## Amounts recognised in profit or loss

	2025 £m	2024 £m
Interest on lease liabilities	(1.0)	(0.8)
Non-recurring profit on disposal of right-of-use asset and associated lease liability	0.5	2.3
Expenses relating to short-term leases and leases of low-value assets	(0.2)	(0.1)

## Amounts recognised in the consolidated statement of cash flows

	2025 £m	2024 £m
Repayment of principal under lease liabilities	3.0	2.5
Repayment of interest on lease liabilities	1.0	0.8
Cash outflows in relation to short-term leases and leases of low-value assets	0.2	0.1
Total cash outflows for leases	4.2	3.4

## 11. Inventories

	2025 £m	2024 £m
Raw materials	10.9	8.9
Work in progress	8.0	7.2
Finished products and production tooling	48.3	44.5
	67.2	60.6

Inventories pledged as security for liabilities amounted to £48.7m (2024: £42.7m).

The Group expensed £86.4m (2024: £81.1m) of inventories during the period. In the year to 31 March 2025, £1.6m (2024: £1.9m) was charged for the write-down of inventory and £0.3m (2024: £1.5m) released from inventory provisions no longer required.

## 12. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	38.6	33.2
Less: Loss allowance	(0.4)	(0.4)
Trade receivables: net <sup>1</sup>	38.2	32.8
Other receivables	6.1	3.0
Prepayments	3.9	4.0
	48.2	39.8

<sup>1</sup> Financial assets carried at amortised cost.

The Group has no significant concentration of credit risk but does have a concentration of translational and transactional foreign exchange risk in both US Dollars and Euros; however, the Group hedges against these risks. See Note 24(B) regarding the Group's forward foreign exchange contracts which are used to hedge future foreign currency sales and purchases. The carrying amount of trade and other receivables approximates their fair value.

Trade receivables are non-interest bearing and are generally on 30–90 days terms. The average credit period on sales of goods is 52 days (2024: 51 days). See Note 24(D) for the Group's credit risk policy.

Other receivables largely relate to accrued insurance income resulting from the Valencia flood and VAT. Given that the counterparties are insurers and governments, no provision for loss allowance has been made. Included within other receivables is a related party balance of £15k (FY24: £15k) in relation to a share subscription for preference shares in Renold (Thailand) Limited held by Timblick & Partners Limited, who provide annual corporate secretarial services to Renold (Thailand) Limited.

# Notes to the consolidated financial statements CONTINUED

## 12. Trade and other receivables CONTINUED

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further analysed:

At 31 March 2025	Trade receivables – days past due					Total
	Not past due	<30 days	30–60 days	60–90 days	>90 days	
Trade receivables: gross, £m	33.5	4.0	0.5	0.2	0.4	38.6
Expected credit loss rate, %	0.3%	0.0%	0.3%	0.0%	61.1%	1.0%
Estimated gross carrying amount at default, £m	0.1	–	–	–	0.3	
<b>Lifetime expected credit loss, £m</b>						<b>0.4</b>

At 31 March 2024	Trade receivables – days past due					Total
	Not past due	<30 days	30–60 days	60–90 days	>90 days	
Trade receivables: gross, £m	27.8	3.6	0.5	0.5	0.8	33.2
Expected credit loss rate, %	0.3%	0.0%	0.2%	1.2%	43.1%	1.2%
Estimated gross carrying amount at default, £m	0.1	–	–	–	0.3	
<b>Lifetime expected credit loss, £m</b>						<b>0.4</b>

The following table shows the movement in the lifetime expected credit losses; there has been no change in the estimation techniques or significant assumptions made during the current reporting period:

Loss allowance	2025 £m	2024 £m
At 1 April	0.4	0.8
Amounts written off as uncollectable	–	(0.4)
<b>At 31 March</b>	<b>0.4</b>	<b>0.4</b>

## 13. Cash and cash equivalents

In the Group cash flow statement, net cash and cash equivalents are shown after deducting bank overdrafts as follows:

	2025 £m	2024 £m
Cash and cash equivalents	22.0	17.8
Less: Overdrafts (Note 14)	(2.9)	(3.7)
<b>Net cash and cash equivalents</b>	<b>19.1</b>	<b>14.1</b>

## 14. Borrowings

	2025 £m	2024 £m
<b>Current borrowings</b>		
Overdrafts (Note 13)	2.9	3.7
Capitalised costs	(0.3)	(0.3)
Bank loans	0.4	0.4
Current borrowings	3.0	3.8
<b>Non-current borrowings</b>		
Bank loans	63.4	38.8
Capitalised costs	(0.1)	(0.4)
Non-current borrowings	63.3	38.4
Preference stock	0.5	0.5
	63.8	38.9
<b>Total borrowings</b>	<b>66.8</b>	<b>42.7</b>

The above loans form part of the Renold plc Group core banking facilities. The UK banking facility matures in May 2026, therefore is classed as non-current borrowings.

All financial liabilities above are carried at amortised cost.

### Core banking facilities

On 23 April 2025, the Group renewed its core banking facility that was due to mature in May 2026. The existing multi-currency revolving facility has been amended and extended by a period of two years and will be in place until May 2028 and is fully committed and available until maturity. The existing facility has been increased to £105.0m from the previous level of £85.0m and will be provided by the existing banks: HSBC UK, Allied Irish Bank (GB), and Citibank.

At the year end, the undrawn core banking facility was £21.3m (2024: £45.9m). The Group also benefits from a UK overdraft and a number of overseas facilities totalling £4.5m (2024: £5.0m) with availability at year end of £1.5m. The Group pays interest at SONIA, SOFR, Euribor and CORRA plus a variable margin in respect of the core banking facility. The average rate of interest paid in the year was SONIA, SOFR, Euribor and CORRA plus 2.35% for Sterling, Euro, US and Canadian Dollar denominated facilities (2024: plus 1.60% for Sterling, Euro and US Dollar denominated facilities).

The core banking facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage, maximum ratio 3.0 times) and EBITDA to net finance charges (interest cover, minimum ratio 4.0 times).

### Secured borrowings

Included in Group borrowings are secured borrowings of £66.7m (2024: £42.9m). Security is provided by fixed and floating charges over assets (including certain property, plant and equipment and inventory) primarily in the UK, USA, Germany and Australia. Certain Group companies have provided cross-guarantees in respect of these borrowings.

### Preference stock

At 31 March 2025, there were 580,482 units of preference stock in issue (2024: 580,482).

All payments of dividends on the preference stock have been paid on the due dates. The preference stock has the following rights:

- i. a fixed cumulative preferential dividend at the rate of 6% per annum payable half yearly on 1 January and 1 July in each year;
- ii. rank both with regard to dividend (including any arrears on the commencement of a winding up) and return of capital in priority to all other stock or shares in the Company, but with no further right to participate in profits or assets;
- iii. no right to attend or vote, either in person or by proxy, at any general meeting of the Company or to have notice of any such meeting, unless the dividend on the preference stock is in arrears for six calendar months; and
- iv. no redemption entitlement and no fixed repayment date.

There is no significant difference between the carrying value of financial liabilities and their equivalent fair value.

# Notes to the consolidated financial statements CONTINUED

## 15. Trade and other payables

	2025		2024	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables <sup>1</sup>	23.8	–	16.2	–
Other taxation and social security <sup>1</sup>	2.8	–	3.3	–
Other payables <sup>1</sup>	3.3	–	7.9	–
Accruals <sup>1</sup>	31.3	–	26.3	–
	<b>61.2</b>	<b>–</b>	<b>53.7</b>	<b>–</b>

<sup>1</sup> Financial liabilities carried at amortised cost.

Trade payables are non-interest bearing and are normally settled within 60-day terms. The Group does have a concentration of translational foreign exchange risk in both US Dollars and Euros; however, the Group hedges against this risk.

The Group did not operate supplier financing or reverse factoring programmes during the current or prior financial year.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 16. Provisions

	Business restructuring £m	Dilapidations £m	Environmental and other provisions £m	Total provisions £m
At 1 April 2024	0.9	2.7	3.0	6.6
Arising during the year	–	0.1	–	0.1
Utilised in the year	(0.5)	–	–	(0.5)
Disposed	–	(1.1)	–	(1.1)
(Released)/charged during the year	(0.2)	–	0.1	(0.1)
<b>At 31 March 2025</b>	<b>0.2</b>	<b>1.7</b>	<b>3.1</b>	<b>5.0</b>

Allocated as:	2025 £m	2024 £m
Current provisions	1.0	1.6
Non-current provisions	4.0	5.0
	<b>5.0</b>	<b>6.6</b>

### Business restructuring

During the year ended 31 March 2025, a provision was recognised for legal and redundancy costs in relation to the reduction of headcount within a number of the Group's locations, especially within mainland Europe. Despite a number of the legal processes involved with this restructuring being lengthy, it is anticipated that the provision will be utilised within the next 12 months (£0.2m).

### Environmental and other provisions

During the year ended 31 March 2025, a provision was recognised for environmental costs in relation to a number of the Group's closed sites, including sites within both the UK and France. It is anticipated that the provision recorded will be utilised over a number of future years, accordingly the majority of the provision is recorded as non-current (£2.3m).

During the year ended 31 March 2025, a provision was recognised for anticipated costs relating to customer claims concerning products supplied by the Group. It is anticipated that the provision will be utilised within the next 12 months (£0.8m). The claims could result in a range of outcomes from £0.3m to £1.4m.

## Dilapidations

Provisions are recognised in relation to contractual obligations to reinstate leasehold properties to the state of repair specified in the property lease. The provision includes costs, as required within the lease, to rectify or reinstate modifications to the property and to remediate general wear and tear incurred to the balance sheet date. The provision to rectify or reinstate modifications is recognised on inception, with a corresponding fixed asset that is depreciated in line with the underlying asset. The provision to rectify general wear and tear is recognised as it is incurred over the life of the lease.

The provision is assessed based on the expected cost at the balance sheet date, using recent cost estimates from suitably qualified property professionals. These estimates are adjusted to reflect the impact of inflation between the date of assessment and the expected timing of the payments, and are then discounted back to present value. A range of inflation and discount rates have been used in order to best reflect the circumstances of the lease to which the dilapidation obligation relates. The inflation rate applied ranges from 2.9% to 4.5% and the discount rate ranges from 3.9% to 5.5%. These rates are most notably impacted by the country of lease and length of lease.

The majority of the dilapidation provision relates to cash outflows which are expected to take place at the end of each respective lease term; none of which are expected to end within the next 12 months. The associated outflows are estimated to arise over a period of up to 21 years from the balance sheet date. As a result substantially all of the provision is classed as non-current (£1.7m).

## 17. Deferred tax

	Assets		Liabilities		Net	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Accelerated capital allowances	0.3	0.1	(1.6)	(1.2)	(1.3)	(1.1)
Pension plans	3.7	3.1	(1.2)	(0.1)	2.5	3.0
Tax losses	3.1	4.4	–	–	3.1	4.4
Intangibles	0.3	0.5	(6.9)	(5.8)	(6.6)	(5.3)
Movements in provisions and accruals	2.8	2.8	(0.5)	(0.1)	2.3	2.7
Other temporary differences	1.3	1.2	(2.9)	(2.5)	(1.6)	(1.3)
Interest restriction	1.4	1.6	–	–	1.4	1.6
Tax assets/(liabilities)	12.9	13.7	(13.1)	(9.7)	(0.2)	4.0
Net off (liabilities)/assets	(8.0)	(6.0)	8.0	6.0	–	–
<b>Net deferred tax balance</b>	<b>4.9</b>	<b>7.7</b>	<b>(5.1)</b>	<b>(3.7)</b>	<b>(0.2)</b>	<b>4.0</b>

The movement in net deferred tax balances in the year is reconciled as follows:

	Opening balance £m	Deferred tax on acquisition (Note 25) £m	Transfer between asset classes £m	Exchange adjustments £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
<b>2025</b>							
Accelerated capital allowances	(1.1)	–	–	(0.2)	–	–	(1.3)
Pension plans	3.0	–	–	–	0.6	(1.1)	2.5
Tax losses	4.4	–	(0.1)	–	(1.2)	–	3.1
Intangibles	(5.3)	(1.4)	–	0.1	–	–	(6.6)
Movements in provisions and accruals	2.7	–	–	(0.2)	(0.2)	–	2.3
Other temporary differences	(1.3)	–	0.1	0.2	(0.6)	–	(1.6)
Interest restriction	1.6	–	–	–	(0.2)	–	1.4
	<b>4.0</b>	<b>(1.4)</b>	<b>–</b>	<b>(0.1)</b>	<b>(1.6)</b>	<b>(1.1)</b>	<b>(0.2)</b>

# Notes to the consolidated financial statements CONTINUED

## 17. Deferred tax CONTINUED

2024	Opening balance £m	Deferred tax on acquisition (Note 25) £m	Transfer between asset classes £m	Exchange adjustments £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
Accelerated capital allowances	(1.3)	–	0.1	–	0.1	–	(1.1)
Pension plans	5.1	–	(0.6)	(0.1)	(1.0)	(0.4)	3.0
Tax losses	2.1	–	0.6	–	1.7	–	4.4
Intangibles	(5.0)	(0.3)	–	–	–	–	(5.3)
Movements in provisions and accruals	2.2	–	(0.7)	–	1.2	–	2.7
Other temporary differences	(0.3)	–	0.6	–	(1.7)	0.1	(1.3)
Interest restriction	1.2	–	–	–	0.4	–	1.6
	4.0	(0.3)	–	(0.1)	0.7	(0.3)	4.0

During the year the Group reported an operating profit of £28.5m (2024: £30.5m). Deferred tax assets being recognised in the relevant jurisdictions are supported by sufficient future taxable profits, which Management has reliably forecasted. Management has also taken into account the historical profitability and stability of the business in the relevant jurisdiction in assessing whether there is sufficient evidence to recognise the deferred tax assets.

A change to the accounting methodology for the Capital Asset Reserve liability under IAS 19 in the year resulted in a change to deferred tax asset recognised on the pension deficit in the UK which is offset by an equal and opposite movement in deferred tax recognised on the UK tax losses carried forward in FY24. Thus while the total net deferred tax asset recognised at FY24 of £4.0m will not change, the split between the recognition of the deferred tax asset recognised between the pension deficit and the loss balance will switch from £nil to £1.7m and from £3.8m to £2.1m, respectively resulting in a £nil balance sheet impact in the prior year.

Unrecognised deferred tax assets amount to £20.9m (2024: £20.3m) arising from unrecognised losses of £8.6m (2024: £7.0m) and other temporary differences of £12.2m (2024: £13.4m). Based on available evidence, it is considered unlikely that these amounts will be recovered within the foreseeable future. With the exception of US capital losses (gross losses of £6.3m; £1.3m taxed), which expire after five years, the losses are not subject to time limits.

## 18. Retirement benefit obligations

### Background information

In a defined benefit plan the members are guaranteed a certain level of benefits that depend on a number of factors such as service, salary and inflation. Defined benefit plans can be supported by an asset fund that will be used to pay member benefits or can be unfunded, in which case obligations to members are paid by the sponsoring employer as they fall due. In a defined benefit plan, because the level and duration of the members' benefits are uncertain, the risk of any increase or decrease in the cost of providing those benefits stays with the employer. This contrasts with a defined contribution plan where the employer's only obligation is to pay the amount agreed in the employment contract into a pension plan.

Any change in the total expected cost of providing defined benefits can produce either funding shortfalls or surpluses. In the case of an expected funding shortfall, the Company is usually required to agree a deficit recovery plan which can vary from country to country. This is usually in the form of additional contributions to make good the shortfall over an agreed period of time (sometimes referred to as a funding plan or a minimum funding requirement) and can also include an allowance for future asset returns. In the case of a surplus, mechanisms are available in all of the Renold schemes to return that surplus to, or utilise it for the benefit of, the Group.

### UK pension plans

The principal UK fund is the Renold Pension Scheme (RPS). The RPS was formed in June 2013 by the merger of three predecessor plans, all of which were already closed to future accrual and to new members. The RPS is a funded defined benefit plan with assets held in separate administered funds.

The Trustees are chaired by an independent professional trustee firm and have access to a range of professional advisers. The Trustee Board is required to consult the Company in matters such as investment policy and to obtain agreement to any amendments to benefits. The Company can make proposals to the Trustees on a range of issues but cannot insist on their adoption. The majority of Trustees are either independent or member nominated with Company nominated Trustees being in the minority. To mitigate the risk of potential conflicts of interests, no Directors of Renold plc are Trustees of the RPS.

The RPS is underpinned by a 25-year asset-backed partnership structure (the Scottish Limited Partnership, 'SLP'). The partnership holds an intercompany loan from Renold International Holdings Limited, the holding company for most of the Group's overseas trading companies. The capital rights to the assets in the SLP belong to Renold plc except in the event of a corporate insolvency of the pension scheme sponsor (Renold plc). The income rights in the SLP belong to the RPS. The loan generated interest income of £3.7m for the pension fund in the current year, with annual increases linked to RPI plus 1.5% and capped at 5%. The income stream is used to fund deficit repair payments and the first £0.6m of annual administrative expenses (with the Company bearing the excess, if any arises). In the event that the RPS becomes fully funded on a buyout basis, the income stream will instead accrue to Renold plc. The SLP was put in place with the expectation that the period to recover the funding shortfall was 25 years from the time of merger in June 2013. The SLP therefore helps reduce the volatility in short-term cash funding by following an agreed payment plan over a longer period of time. The interest in the SLP held by the RPS is not reported as a plan asset in the Group's consolidated financial statements as it is a non-transferable interest issued by the Group.

This arrangement replaced all other existing funding arrangements for the RPS. The SLP therefore represents the entirety of the committed cash element of the funding plan for the RPS. The funding plan also assumes an allowance for asset outperformance of 1.0% (that is, assets are expected to return an amount of 1.0% more than the discount rate applied to the liabilities). Separately to the SLP but put in place at the same time, the Group has also agreed that if adjusted operating profits reach £16.0m in any year following the year ended 31 March 2017, additional annual contributions of £1.0m will become payable (monthly in arrears) while profits remain above this level. Prior to the SLP, the contributions had been at a higher level. However, the Trustees agreed to lower contributions for longer under the SLP. The £1.0m increase matches the approximate £1.0m reduction agreed when the SLP was established. Finally, as part of the overall agreement, Renold plc is not constrained from paying a dividend, other than by normal legal considerations. Renold has agreed to make additional contributions equal to 25% of the value of any dividend paid in order to accelerate the deficit recovery plan. The deficit will be reduced as the cash contributions under the scheme are made, enhanced or offset by actual performance compared to asset returns and actuarial assumptions.

In the year ended 31 March 2021, reflecting the uncertainty in short-term outlook caused by the Covid-19 pandemic, Renold approached the Trustees with a request to defer contributions to the UK scheme for the year ended 31 March 2021. The Trustees supported this proposal and it was agreed that the deferred contributions would be settled over the five-year period which commenced on 1 April 2022.

Total cash costs for UK deficit repair payments and UK administrative expenses in the current year were £6.6m (2024: £6.3m). The current year figure includes: the £3.9m noted above in connection with the SLP, an additional £0.6m of deferred contributions relating to the year ended 31 March 2021, an additional £1.0m due to a longstanding agreement with the UK scheme to pay an additional £1.0m of annual cash contributions when the Group's adjusted operating profit exceeds £16.0m, £0.2m being 25% of the dividend paid and a further £0.9m in respect of pension administration costs. The best estimate of contributions to be paid into the UK plan for the year ending 31 March 2026 is £6.0m (£4.1m in connection with the SLP, £0.6m of the deferred contributions from the year ended 31 March 2021, £0.3m being 25% of the proposed dividend and an additional £1.0m due to the Group's adjusted operating profit exceeding £16.0m).

The latest triennial actuarial valuation of the RPS, with an effective date of 5 April 2022, concluded that contributions to the scheme should continue unchanged and no additional contributions in excess of the previously agreed asset backed funding structure were deemed necessary. The next triennial valuation date will be 5 April 2025.

## Overseas pension plans

### Germany

In Germany, in addition to participating in the state backed pension scheme, the Group operates an unfunded defined benefit scheme (no other Group company operates such a scheme). 'Unfunded' means that the scheme has no asset backing to pay benefits and instead the Group pays member benefits as they fall due. The scheme closed to new members on 1 April 1992. A German court confirmed that the pension scheme was properly closed to future accrual with effect from 31 March 2014. Following the acquisition of the Tooth Chain business in 2016, the unfunded defined benefit scheme operated by that business transferred to our German subsidiary.

In aggregate, the two (2024: two) German pension schemes have a net liability of £15.5m (2024: £17.5m). The decrease in the net deficit most significantly reflects settlement of liabilities through pension payments.

Total cash pension payments in the year were £1.1m (2024: £1.1m). The best estimate of pension payments for the year ending 31 March 2026 is £1.1m.

### United States of America

The Group operates two defined benefit pension schemes in the US Torque Transmission business. The schemes are both closed to new members and are both closed to future accruals. Funds are being used to accelerate the deficit reduction in the fully closed US scheme with the intention to terminate and secure member benefits as soon as this is cost-effective.

In aggregate, the two (2024: two) defined benefit schemes in the US have combined assets of £1.4m (2024: £1.4m) and liabilities of £1.6m (2024: £1.3m), giving a net deficit of £0.2m (2024: surplus £0.1m). The increase in the net deficit was driven by the decrease in the discount rate used to discount the schemes' liabilities.

Total cash costs for contributions in the year were £nil (2024: £0.3m). The best estimate of contributions to be paid into the plan for the year ending 31 March 2026 is £nil.

The US Chain business operates a defined contribution scheme.

# Notes to the consolidated financial statements CONTINUED

## 18. Retirement benefit obligations CONTINUED

### Other overseas schemes

In aggregate, the other overseas defined benefit schemes have combined assets of £0.3m (2024: £1.8m) and liabilities of £0.4m (2024: £1.6m) giving a net deficit of £0.1m (2024: surplus £0.2m).

Total cash costs for contributions in the year were £nil (2024: £nil). The best estimate of contributions to be paid into the plans for the year ending 31 March 2026 is £nil.

Other overseas employees participate in a variety of different pension arrangements of the defined contribution or defined benefit type, funded in accordance with local practice.

### Actuarial disclosures

The pension disclosures in the financial statements are based on the most recent actuarial valuations. Where material, these have been updated to the balance sheet date by qualified independent actuaries. The disclosures provided are presented on a weighted average basis where appropriate. Plan assets are stated at their market values at the respective balance sheet dates.

The weighted average durations are 10 years (2024: 12 years) for the UK pension scheme and 11 years (2024: 11 years) for the German schemes.

They can therefore be regarded as mature schemes.

### Risk management

The pensions schemes are exposed to the following categories of risk:

- Asset risk, including investment returns volatility, counterparty credit risk, foreign exchange risks;
- Liability risk, including mortality assumptions, inflation, interest rates; and
- Regulatory risk, including increased contribution rates required to meet regulatory funding targets.

These risks are managed separately for each pension scheme. However, the Group has adopted a common approach of closing defined benefit schemes to cap members' entitlements and supporting trustees in adopting investment strategies which aim to match assets to future obligations, after allowing for the funding position of the scheme.

### Significant assumptions

The principal financial assumptions used to calculate plan liabilities as at 31 March 2025 are presented below. The assumptions adopted represent the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The present values of the plans' liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

	UK		Germany		Other Overseas	
	2025	2024	2025	2024	2025	2024
Rate of increase in pensionable salaries <sup>1</sup>	–	–	–	–	2.00%	2.00%
Rate of increase in pensions in payment and deferred pensions	1.90%	1.90%	2.10%	2.50%	–	–
Discount rate	5.75%	5.00%	3.90%	3.75%	4.86%	5.13%
Inflation assumption <sup>2</sup>	2.85%	2.85%	2.50%	2.50%	2.00%	2.00%

<sup>1</sup> No increase applies following the closure of the UK and German defined benefit pension schemes to future accrual.

<sup>2</sup> The inflation assumption used for UK schemes is based on CPI (2024: CPI).

The predominant defined benefit obligation for funded plans within the Group resides in the UK (£125.2m of the £127.2m Group obligation for funded plans). In addition to the assumptions shown previously, mortality assumptions have a significant bearing on the calculated obligation. The assumed life expectancy for the RPS members on retirement at age 65 is as follows:

	2025	2024
<b>Males</b>		
Currently aged 45	20.8	21.0
Currently aged 65	19.9	20.0
<b>Females</b>		
Currently aged 45	23.6	23.7
Currently aged 65	22.5	22.5

Consistent with the assumption used for the prior year, the post-retirement mortality tables used for the UK plan are the S3PA series tables published by the UK actuarial profession with a 17.5% uplift in mortality reflecting scheme-specific experience and with an additional 15% weighting adjustment for 2021 and 2020 in recognition of the Covid-19 pandemic. Historically, the RPS experiences mortality in excess of the national average. The mortality rates for the RPS are based on average year of birth for both non-pensioners and pensioners with an allowance for future annual improvements in life expectancy.

In Germany and the United States, the mortality expectations for the scheme are in line with the national averages.

## Sensitivity analysis on UK Scheme

Sensitivities in respect of the key assumptions used to measure the pension schemes as at 31 March 2025 are set out below. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation, with the exception of the sensitivity to inflation which incorporates the impact of certain correlating assumptions. The assumptions used for the sensitivity analysis have been chosen as they are considered to represent a reasonable approximation of possible changes. In practice, such assumptions rarely change in isolation and the sensitivities are indicative only. It is reasonably possible, for example, that discount rates could move up to 1%.

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/decrease by 0.5%	Decrease by £5.7m/increase by £6.2m
Rate of inflation	Increase/decrease by 0.5%	Increase by £3.8m/decrease by £3.7m
Rate of mortality	Decrease/increase by one year <sup>1</sup>	Increase by £6.0m/decrease by £6.2m

<sup>1</sup> This is broadly equivalent to a change in life expectancy of one year at age 65.

The market values of assets of the principal defined benefit plans of the Group, together with the present value of plan liabilities, are shown below. It should be noted that the market values of the plans' assets are stated as at the Group's year end and since it is not intended to realise the assets in the short term, the value may change significantly before being realised.

The fair values of plan assets were:

	2025				2024			
	UK £m	Germany £m	Other £m	Total £m	UK £m	Germany £m	Other £m	Total £m
Medically underwritten insurance policies	24.1	-	-	24.1	26.9	-	-	26.9
Quoted equities	10.8	-	-	10.8	16.6	-	-	16.6
Hedge funds and diversified growth funds	27.6	-	-	27.6	40.2	-	-	40.2
Corporate bonds	-	-	-	-	-	-	-	-
Gilts and liability driven investments	21.9	-	1.4	23.3	13.0	-	1.4	14.4
Cash	9.6	-	0.2	9.8	3.6	-	1.7	5.3
<b>Total market value of assets</b>	<b>94.0</b>	<b>-</b>	<b>1.6</b>	<b>95.6</b>	<b>100.3</b>	<b>-</b>	<b>3.1</b>	<b>103.4</b>

The medically underwritten insurance policies are directly linked to a subset of scheme members and provide income to the scheme towards the pension payments for these members. The assumptions used for valuing the insurance policies as a plan asset under IAS 19 are derived allowing for the specific characteristics of the members covered by the policies. The IAS 19 liability in respect of these members is calculated using assumptions appropriate for the scheme as a whole. The discount rate used to value the policies as an asset is the full iBoxx AA corporate bond best rating yield curve. The post-retirement mortality tables used for valuing the policies are the S3 Light tables published by the UK actuarial profession.

Equities are investments in quoted equities only and are the only plan assets with quoted market prices in active markets. Hedge funds and diversified growth funds hold a range of assets which aim to deliver returns above those of bonds but at lower volatility than equities. The assets held materially reflect the underlying liabilities, in that lower risk assets, such as gilts and bonds, are deemed to be a match for pensioner liabilities whereas equities are deemed a better match for the liabilities associated with scheme members not yet in retirement.

Liability Driven Investments (LDI) are a portfolio of assets that are linked to the drivers of movements in pension liabilities, such as inflation and interest rates. These are assets designed to deliver geared movements in the underlying liabilities as they reflect changes to inflation and interest rates.

# Notes to the consolidated financial statements CONTINUED

## 18. Retirement benefit obligations CONTINUED

### Retirement benefit obligations

The movement in the present value of the defined benefit obligation is as follows:

	2025				2024			
	UK £m	Germany £m	Other £m	Total £m	UK £m	Germany £m	Other £m	Total £m
Opening obligation	140.0	17.5	3.0	160.5	145.8	17.7	13.2	176.7
Interest expense	6.8	0.6	-	7.4	6.8	0.7	0.6	8.1
Remeasurement gains/(losses) by changes in:								
- Experience	(1.1)	0.1	-	(1.0)	1.7	(0.6)	-	1.1
- Demographic assumptions	(0.7)	-	-	(0.7)	(2.2)	1.3	-	(0.9)
- Financial assumptions and expenses	(9.6)	(1.2)	0.2	(10.6)	(2.2)	-	0.3	(1.9)
Benefits paid	(10.1)	(1.1)	-	(11.2)	(10.0)	(1.1)	(10.7)	(21.8)
Exchange adjustment	(0.1)	(0.4)	(1.3)	(1.8)	0.1	(0.5)	(0.4)	(0.8)
<b>Closing obligation</b>	<b>125.2</b>	<b>15.5</b>	<b>1.9</b>	<b>142.6</b>	<b>140.0</b>	<b>17.5</b>	<b>3.0</b>	<b>160.5</b>
<b>The total defined benefit obligation can be analysed as follows:</b>								
Funded pension plans	125.2	-	1.9	127.1	140.0	-	3.0	143.0
Unfunded pension plans	-	15.5	-	15.5	-	17.5	-	17.5
	<b>125.2</b>	<b>15.5</b>	<b>1.9</b>	<b>142.6</b>	<b>140.0</b>	<b>17.5</b>	<b>3.0</b>	<b>160.5</b>

The UK liabilities above include £24.1m that are fully insured (2024: £26.9m).

### Pension assets

The movement in the present value of the defined benefit plan assets is as follows:

	2025				2024			
	UK £m	Germany £m	Other £m	Total £m	UK £m	Germany £m	Other £m	Total £m
Opening assets	100.3	-	3.1	103.4	101.6	-	12.9	114.5
Interest income	4.9	-	0.1	5.0	4.8	-	0.6	5.4
Remeasurement gains/(losses)	(6.7)	-	-	(6.7)	(1.4)	-	0.4	(1.0)
Employer contributions	5.7	-	(0.2)	5.5	5.3	-	0.2	5.5
Benefits paid	(10.1)	-	(0.1)	(10.2)	(10.0)	-	(10.6)	(20.6)
Exchange adjustment	(0.1)	-	(1.3)	(1.4)	-	-	(0.4)	(0.4)
<b>Closing assets</b>	<b>94.0</b>	<b>-</b>	<b>1.6</b>	<b>95.6</b>	<b>100.3</b>	<b>-</b>	<b>3.1</b>	<b>103.4</b>
Balance sheet reconciliation:								
Plan obligations	(125.2)	(15.5)	(1.9)	(142.6)	(140.0)	-	(20.5)	(160.5)
Plan assets	94.0	-	1.6	95.6	100.3	-	3.1	103.4
<b>Net plan deficit</b>	<b>(31.2)</b>	<b>(15.5)</b>	<b>(0.3)</b>	<b>(47.0)</b>	<b>(39.7)</b>	<b>-</b>	<b>(17.4)</b>	<b>(57.1)</b>

The net amount of remeasurement gains and losses taken to other comprehensive income is as follows:

	2025				2024			
	UK £m	Germany £m	Other £m	Total £m	UK £m	Germany £m	Other £m	Total £m
On plan obligations	11.4	1.1	(0.2)	12.3	2.7	(0.7)	(0.3)	1.7
On plan assets	(6.7)	-	-	(6.7)	(1.4)	-	0.4	(1.0)
<b>Net (losses)/gains</b>	<b>4.7</b>	<b>1.1</b>	<b>(0.2)</b>	<b>5.6</b>	<b>1.3</b>	<b>(0.7)</b>	<b>0.1</b>	<b>0.7</b>

The actual (loss)/return on plan assets was -£1.7m (2024: £4.4m) which equates to -1.6% (2024: 3.8%) of plan assets.

An analysis of amounts charged to operating costs is set out below:

	2025 £m	2024 £m
<b>Operating costs</b>		
Pension administration costs	(0.9)	(1.2)
	(0.9)	(1.2)

## 19. Called up share capital

At 31 March 2025, the issued ordinary share capital comprised 225,417,740 ordinary shares of 5p each (2024: 225,417,740).

	Issued and fully paid	
	2025 £m	2024 £m
Ordinary shares of 5p each	11.3	11.3
Preference stock <sup>1</sup> of £1 each	0.5	0.5

<sup>1</sup> See Note 14 for details of the preference stock in issue.

## 20. Share-based payments

### Accounting policy

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or performance shares granted. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon market or non-vesting conditions. Options with market conditions are accounted for as vesting, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied. The market-based conditions are linked to the market price of shares in the Company. Details around the performance conditions of the share-based payment arrangements for Executive Directors are provided in the Directors' remuneration report on pages 52 to 57.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

The fair value per option granted in the period and the assumptions used in the calculation are as follows:

Share option schemes	2025	2025	2024	2024
Grant date	01.04.24	26.07.24	01.04.23	25.07.23
Share price at date of grant	33.0p	51.0p	30.0p	29.8p
Exercise price	0.0p	0.0p	0.0p	0.0p
Number of employees	5	15	5	17
Shares under option	447,522	2,790,793	519,381	5,170,784
Vesting period (years)	4.3	3.0	4.3	3.0
Expected volatility	48%	47%	66%	52%
Option life (years)	11.3	10.0	11.3	10.0
Risk free interest rate	4.09%	4.10%	3.94%	3.94%
Assumed dividends expressed as a dividend yield	1.33%	0.90%	Zero	Zero
Fair value per option	33.0p	51.0p	30.0p	29.8p

The awards issued on 1 April 2024 and 1 April 2023 relate to a Management Incentive Bonus Plan; upon the achievement of predetermined performance conditions any eligible employees are paid a proportion of their bonus in the form of deferred share options. The deferred share option awards are subject to service conditions only.

# Notes to the consolidated financial statements CONTINUED

## 20. Share-based payments CONTINUED

The expected volatility is an annualised figure calculated using historical volatility over the expected life of the awards. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life. Dividend yields indicated above are an expression of assumed dividends over the respective periods included in the calculation. These assumptions may not be borne out in practice. A reconciliation of option movements is shown below:

	2025		2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Executive share option schemes</b>				
Outstanding at 1 April	27,488,748	0.0p	23,003,207	0.0p
Granted	3,066,106	0.0p	5,615,492	0.0p
Exercised	(1,375,380)	0.0p	(762,650)	0.0p
Expired	-	0.0p	-	0.0p
Forfeited	(138,452)	0.0p	(367,301)	0.0p
<b>Outstanding at 31 March</b>	<b>29,041,022</b>	<b>0.0p</b>	<b>27,488,748</b>	<b>0.0p</b>
<b>Exercisable at 31 March</b>	<b>13,149,950</b>	<b>0.0p</b>	<b>8,828,529</b>	<b>0.0p</b>

The outstanding shares at 31 March 2025 relate to the 2 executive share option schemes granted between 04 January 2016 and 26 July 2024, including the schemes granted in FY24 and FY25 as reported in the table above.

	2025		2024	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
<b>Range of exercise prices</b>				
Nil	0.0p	29,041,022	0.0p	27,488,748

The weighted average contractual life remaining is 7.0 years (2024: 7.7 years).

1,375,380 options have been exercised in the period (2024: 762,650). The total charge for the year relating to employee share-based payment plans, including accrual for related employer liabilities, was £2.0m (2024: £1.9m), all of which related to equity settled share-based transactions. At 31 March 2025 a share option reserve of £5.2m (31 March 2024: £3.9m) was included in retained earnings.

The middle market price of ordinary shares at 31 March 2025 was 41.20p and the range of prices during the year was 36.60p to 64.80p.

Details of the share-based payment arrangements for Executive Directors are provided in the Directors' remuneration report on pages 52 to 57.

## 21. Reserves

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations and the proportion of the gains or losses on hedging instruments used to hedge against movements in net investments in foreign operations that are determined to be effective.

Other reserves record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. The balance at 31 March 2025 is -£0.1m (31 March 2024: £nil).

Included in retained earnings is an amount of £3.5m (net of tax) (2024: £3.5m) relating to the revaluation of freehold property that was undertaken at the date of IFRS adoption. The amount is not distributable until it is realised.

The other reserves are stated after deducting £8.4m (31 March 2024: £8.8m) relating to shares held in the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

## 22. Contingent liabilities and commitments

Performance guarantees given to third parties in respect of Group companies were £nil (2024: £nil).

Various UK Group companies have given guarantees to the merged UK pension scheme to cover the full cost of buying out the liabilities in the event that the sponsoring employers default on the agreed deficit repair plan. As one of the sponsoring employers of the UK scheme is Renold plc, the continuing obligation is effectively unchanged and is to fully fund the members' accrued benefits.

## 23. Additional cash flow information

Reconciliation of operating profit to net cash flows from operations:

	2025 £m	2024 £m
<b>Cash generated from operations:</b>		
Operating profit from continuing operations	28.5	30.5
Depreciation of property, plant and equipment – owned assets	6.3	6.1
Depreciation of property, plant and equipment – right-of-use assets	3.1	2.6
Amortisation of intangible assets	2.8	2.1
Loss on disposals of plant and equipment	1.8	–
Profit on disposals of right-of-use asset	–	(2.4)
Share-based payments	1.5	1.4
Increase in inventories	(1.1)	–
(Increase)/decrease in receivables	(5.9)	2.9
Increase/(decrease) in payables	2.7	(2.7)
(Decrease)/increase in provisions	(1.6)	1.5
Cash contribution to pension schemes	(6.1)	(6.0)
<b>Cash generated from operations</b>	<b>32.0</b>	<b>36.0</b>

Reconciliation of net change in cash and cash equivalents to movement in net debt:

	2025 £m	2024 £m
Increase/(decrease) in cash and cash equivalents (Consolidated Statement of Cash Flows)	5.4	(2.7)
Change in net debt resulting from cash flows:		
– Proceeds from borrowings	(45.6)	(58.8)
– Repayment of borrowings	20.7	67.4
Foreign currency translation differences	–	(0.7)
Non-cash movement on capitalised finance costs	(0.4)	(0.3)
Change in net debt during the period	(19.9)	4.9
Net debt at start of year	(24.9)	(29.8)
<b>Net debt at end of year</b>	<b>(44.8)</b>	<b>(24.9)</b>
<b>Net debt comprises:</b>		
Cash and cash equivalents (Note 13)	22.0	17.8
Total borrowings (Note 14)	(66.8)	(42.7)
	<b>(44.8)</b>	<b>(24.9)</b>

# Notes to the consolidated financial statements CONTINUED

## 23. Additional cash flow information CONTINUED

The table below details changes in the Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Opening balance £m	Accrued interest £m	Financing cash flows £m	New leases £m	Lease disposal £m	Net debt acquired £m	Other non-cash changes <sup>1</sup> £m	Closing balance £m
<b>2025</b>								
Bank loans (Note 14)	39.2	4.1	20.9	-	-	-	(0.4)	63.8
Capitalised costs (Note 14)	(0.7)	-	(0.1)	-	-	-	0.4	(0.4)
Preference stock (Note 14)	0.5	-	-	-	-	-	-	0.5
Lease liabilities (Note 10)	15.1	1.0	(4.0)	8.9	(0.9)	-	(0.3)	19.8
<b>Total (assets)/liabilities from financing activities</b>	<b>54.1</b>	<b>5.1</b>	<b>16.8</b>	<b>8.9</b>	<b>(0.9)</b>	<b>-</b>	<b>(0.3)</b>	<b>83.7</b>
Overdrafts (Note 14)	3.7							2.9
Less: Lease liabilities (Note 10)	(15.1)							(19.8)
<b>Total borrowings (Note 14)</b>	<b>42.7</b>							<b>66.8</b>
Add: Cash and cash equivalents (Note 13)	(17.8)							(22.0)
<b>Net debt</b>	<b>24.9</b>							<b>44.8</b>

<sup>1</sup> Non-cash changes include the amortisation of capitalised finance costs and foreign exchange translation.

	Opening balance £m	Accrued interest £m	Financing cash flows £m	New leases £m	Lease disposal £m	Net debt acquired £m	Other non-cash changes <sup>1</sup> £m	Closing balance £m
<b>2024</b>								
Bank loans (Note 14)	46.8	3.7	(10.8)	-	-	-	(0.5)	39.2
Capitalised costs (Note 14)	-	-	(1.0)	-	-	-	0.3	(0.7)
Preference stock (Note 14)	0.5	-	-	-	-	-	-	0.5
Lease liabilities (Note 10)	20.2	0.8	(3.3)	3.1	(5.2)	-	(0.5)	15.1
<b>Total (assets)/liabilities from financing activities</b>	<b>67.5</b>	<b>4.5</b>	<b>(15.1)</b>	<b>3.1</b>	<b>(5.2)</b>	<b>-</b>	<b>(0.7)</b>	<b>54.1</b>
Overdrafts (Note 14)	1.8							3.7
Less: Lease liabilities (Note 10)	(20.2)							(15.1)
<b>Total borrowings (note 14)</b>	<b>49.1</b>							<b>42.7</b>
Add: Cash and cash equivalents (Note 13)	(19.3)							(17.8)
<b>Net debt</b>	<b>29.8</b>							<b>24.9</b>

<sup>1</sup> Non-cash changes include the amortisation of capitalised finance costs and foreign exchange translation.

## 24. Financial instruments

These notes should be read in conjunction with the narrative disclosures in the Finance Director's review on pages 18 to 22.

### (A) category and fair value of financial instruments

Set out below is a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

At 31 March 2025						
	Note	IFRS 13 classification for determining fair value	At amortised cost £m	At fair value through profit or loss £m	Total carrying value £m	Fair value / Amortised Cost £m
<b>Financial assets</b>						
Cash and cash equivalents	13	Level 1	22.0	–	22.0	22.0
Trade and other financial receivables	12	Level 2	41.8	–	41.8	41.8
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	–	–	–
<b>Total financial assets</b>			<b>63.8</b>	<b>–</b>	<b>63.8</b>	<b>63.8</b>
<b>Financial liabilities</b>						
Trade and other payables	15	Level 2	(61.2)	–	(61.2)	(61.2)
Floating rate bank overdraft	14	Level 2	(2.9)	–	(2.9)	(2.9)
Floating rate short-term borrowings	14	Level 2	(0.4)	–	(0.4)	(0.4)
Floating rate long-term borrowings	14	Level 2	(63.4)	–	(63.4)	(63.4)
Preference stock	14	Level 2	(0.5)	–	(0.5)	(0.5)
Lease liabilities	10	Level 2	(19.8)	–	(19.8)	(19.8)
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	(0.2)	(0.2)	(0.2)
<b>Total financial liabilities</b>			<b>(148.2)</b>	<b>(0.2)</b>	<b>(148.4)</b>	<b>(148.4)</b>
<b>Net financial liabilities</b>			<b>(84.4)</b>	<b>(0.2)</b>	<b>(84.6)</b>	<b>(84.6)</b>

At 31 March 2024						
	Note	IFRS 13 classification for determining fair value	At amortised cost £m	At fair value through profit or loss £m	Total carrying value £m	Fair value / Amortised Cost £m
<b>Financial assets</b>						
Cash and cash equivalents	13	Level 1	17.8	–	17.8	17.8
Trade and other financial receivables	12	Level 2	33.9	–	33.9	33.9
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	–	–	–
<b>Total financial assets</b>			<b>51.7</b>	<b>–</b>	<b>51.7</b>	<b>51.7</b>
<b>Financial liabilities</b>						
Trade and other payables	15	Level 2	(53.7)	–	(53.7)	(53.7)
Floating rate bank overdraft	14	Level 2	(3.7)	–	(3.7)	(3.7)
Floating rate short-term borrowings	14	Level 2	(0.4)	–	(0.4)	(0.4)
Floating rate long-term borrowings	14	Level 2	(38.8)	–	(38.8)	(38.8)
Preference stock	14	Level 2	(0.5)	–	(0.5)	(0.5)
Lease liabilities	10	Level 2	(15.1)	–	(15.1)	(15.1)
Forward foreign currency contracts: cash flow hedge	24(B)	Level 2	–	(0.3)	(0.3)	(0.3)
<b>Total financial liabilities</b>			<b>(112.2)</b>	<b>(0.3)</b>	<b>(112.5)</b>	<b>(112.5)</b>
<b>Net financial (liabilities)/assets</b>			<b>(60.5)</b>	<b>(0.3)</b>	<b>(60.8)</b>	<b>(60.8)</b>

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

The fair value of derivatives has been calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

# Notes to the consolidated financial statements CONTINUED

## 24. Financial instruments CONTINUED

### (B) Derivative financial instruments

#### Forward foreign exchange contracts

The Group uses forward foreign exchange contracts to hedge future foreign currency sales and purchases. At 31 March 2025, contracts with a nominal value of £19.8m (2024: £19.1m) were designated as hedging instruments. The contracts are denominated in the currencies of the Group's principal markets. The US Dollar/Euro contracts cover the intra-group purchases in Euros by our US operations. The US Dollars/Sterling contracts cover intra-group purchases in Sterling by our US operations. The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as asset or as liabilities) within the consolidated balance sheet:

	Average exchange rate		Contractual or notional value		Fair value assets/(liabilities)	
	2025 Rate	2024 Rate	2025 £m	2024 £m	2025 £m	2024 £m
<b>Forward foreign currency contracts: cash flow hedge</b>						
Sell US Dollar: Buy Sterling	1.296	1.315	2.7	2.5	-	-
Sell US Dollar: Buy Euro	1.094	1.105	11.4	9.6	-	(0.2)
Sell Sterling: Buy Euro	0.865	0.880	1.6	2.3	(0.1)	-
Sell Aus Dollar: Buy US Dollar	0.627	0.662	-	-	-	-
Sell Aus Dollar: Buy Euro	0.572	0.602	-	-	-	-
Sell Aus Dollar: Buy Sterling	0.491	0.516	-	-	-	-
Sell Aus Dollar: Buy Chinese Renminbi	4.485	4.714	0.1	0.1	-	-
Sell NZ Dollar: Buy US Dollar	0.578	0.622	0.1	0.1	-	-
Sell NZ Dollar: Buy Euro	0.526	0.564	-	-	-	-
Sell NZ Dollar: Buy Sterling	0.443	0.486	-	-	-	-
Sell NZ Dollar: Buy Chinese Renminbi	-	-	-	-	-	-
Sell NZ Dollar: Buy Aus Dollar	-	-	-	-	-	-
Sell Euro: Buy Chinese Renminbi	0.130	0.130	3.9	4.5	(0.1)	(0.1)
			19.8	19.1	(0.2)	(0.3)

In accordance with IFRS 7 Financial Instruments: Disclosures, the Group's financial instruments are considered to be classified as level 2 instruments.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The foreign exchange forward contracts have similar critical terms to the hedged items, such as the notional amounts and maturities. Therefore, there is an economic relationship and the hedge ratio is established as 1:1. The main sources of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates and the risk of over-hedging where the hedge relationship requires rebalancing. No other sources of ineffectiveness emerged from these hedging relationships. Any hedge ineffectiveness is recognised immediately in the income statement in the period that it occurs. Of the foreign exchange contracts designated as hedging instruments at the current and prior reporting period end, 100% were for periods of 12 months or less.

The cash flow hedges of the expected future transactions in US Dollars and Euros in the prior year were assessed to be highly effective. In the year, £nil (2024: £nil) was transferred to operating costs in the income statement.

#### Hedge of net investment in foreign entity

The Group has US Dollar denominated borrowings which it has designated as a hedge of the net investment in its subsidiaries in the US. The carrying value of the US Dollar borrowings at 31 March 2025 was £8.9m (2024: £2.4m), maturing in June 2025.

The Group has Euro denominated borrowings which it has designated as a hedge of the net investment in its European subsidiary YUK. The carrying value of the Euro borrowings at 31 March 2025 was £15.5m (2024: £8.6m), maturing in June 2025.

The Group has Canadian Dollar denominated borrowings which it has designated as a hedge of the net investment in its Canadian subsidiary Mac Chain Canada. The carrying value of the Canadian Dollar borrowings at 31 March 2025 was £11.6m (2024: £0m), maturing in June 2025.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The borrowings have the same notional amount as the hedged items and therefore, there is an economic relationship with the hedge ratio established as 1:1. No sources of hedge ineffectiveness emerged from this hedging relationship. Any hedge ineffectiveness is recognised immediately in the income statement in the period that it occurs.

For the year ended 31 March 2025 £0.4m of exchange gain (2024: £0.5m gain) on translation of the borrowings into Sterling is included as part of the hedging reserve movement in other comprehensive income as the hedge was deemed to be effective.

## (C) Maturity of financial liabilities

The maturity profile of the contracted amount of the Group's financial liabilities was as follows:

	2025				Total £m
	One year or less on demand £m	One to two years £m	Two to five years £m	More than five years £m	
Trade and other payables	61.2	–	–	–	61.2
Floating rate bank overdraft	2.9	–	–	–	2.9
Floating rate long-term borrowings <sup>2</sup>	66.7	–	0.9	–	67.6
Preference stock <sup>1</sup>	–	–	–	0.5	0.5
Lease liabilities	3.5	3.4	10.0	9.8	26.7
Forward foreign currency contracts: cash flow hedge	19.8	–	–	–	19.8
	154.1	3.4	10.9	10.3	178.7

<sup>1</sup> The preference stock bears interest at a fixed rate of 6% (interest has been excluded from the above analysis) and has no fixed repayment date (see Note 14).

<sup>2</sup> Contractual cash flows include annual interest payments, calculated using the interest rates applying to the loans at the period end.

	2024				Total £m
	One year or less on demand £m	One to two years £m	Two to five years £m	More than five years £m	
Trade and other payables <sup>3</sup>	53.7	–	–	–	53.7
Floating rate bank overdraft	3.7	–	–	–	3.7
Floating rate long-term borrowings <sup>2</sup>	40.7	–	1.2	–	41.9
Preference stock <sup>1</sup>	–	–	–	0.5	0.5
Lease liabilities	2.9	2.6	4.4	11.2	21.1
Forward foreign currency contracts: cash flow hedge	19.1	–	–	–	19.1
	120.1	2.6	5.6	11.7	140.0

<sup>1</sup> The preference stock bears interest at a fixed rate of 6% (interest has been excluded from the above analysis) and has no fixed repayment date (see Note 14).

<sup>2</sup> Contractual cash flows include annual interest payments, calculated using the interest rates applying to the loans at the period end.

<sup>3</sup> The non-current other payable relates to the deferred element of the construction costs for the new Chinese factory in Jintan.

## (D) Currency and interest rate profile of financial liabilities of the group

Overdraft, borrowings and preference stock by currency	2025			2024		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Sterling						
– Financial liabilities	–	28.4	28.4	–	28.6	28.6
– Preference stock	0.5	–	0.5	0.5	–	0.5
US Dollar	–	8.9	8.9	–	2.3	2.3
Euro	–	17.0	17.0	–	10.8	10.8
Other	–	12.4	12.4	–	1.2	1.2
	0.5	66.7	67.2	0.5	42.9	43.4

Floating rate financial liabilities bear interest at rates based on relevant national base rate equivalents, which can fluctuate on a daily basis. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest risk.

# Notes to the consolidated financial statements CONTINUED

## 24. Financial instruments CONTINUED

### Interest rate risk

Interest rate risk arises on borrowings and cash balances (and derivative liabilities and assets) which are at floating interest rates. Changes in interest rates could have the effect of either increasing or decreasing the Group's net profit. Under the Group's interest rate management policy, the interest rates on each of the Group's major currency monetary assets and liabilities are managed to achieve the desired mix of fixed and variable rates for each major net currency exposure. Exposure to the risk of changes in market interest rates relates primarily to the Group's Sterling, US Dollar, Canadian Dollar and Euro debt obligations. Measurement of this interest rate risk and its potential impact due to volatility on the Group's reported financial performance is undertaken on a monthly basis and the Board uses this information to determine, from time to time, an appropriate mix of fixed and floating rates.

### Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 12. There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk has a maximum exposure equal to the carrying value of these instruments. The Group has a policy to place cash on deposit and hold derivatives with members of the banking syndicate wherever possible.

### Liquidity risk

Liquidity risk is defined as the risk that the Group might not be able to settle or meet its obligations on time or at a reasonable price. Liquidity risk arises as a result of mismatches between cash inflows and outflows from the business. This risk is monitored on a centralised basis through regular cash flow forecasting, a strategic plan, an annual budget agreed by the Board each year and a rolling re-forecast undertaken throughout the financial year. To mitigate the risk, the resulting forecast net bank cash/(debt) is measured against the liquidity headroom policy.

As at 31 March 2025, the Group had a committed but undrawn revolving credit facility of £21.3m. The Group also benefits from a UK overdraft and a number of overseas facilities totalling £4.5m (2024: £5m) with availability at year end of £1.5m. Together with net cash of £19.1m, available funds at 31 March 2025 were £41.9m. The Group manages longer-term liquidity through its committed bank facilities and will, if appropriate, raise funds on capital markets. The Group's principal committed bank facility of £85.0m matures in May 2026 (two years to maturity) and had drawings of £63.7m at 31 March 2025. Cash management pooling, netting and concentration techniques are used to minimise borrowings. As at 31 March 2025, the Group had gross cash of £22.0m.

## (E) Currency and interest rate profile of financial assets

Cash at bank and in hand by currency	2025 £m	2024 £m
Sterling	2.3	2.0
Euro	12.4	5.3
US Dollar	2.2	2.4
Other	5.1	8.1
	22.0	17.8

Cash balances are held with the Group's bankers. These deposits are held largely in Germany and earn interest at bank deposit interest rates for periods of up to three months.

## (F) Foreign currency risk and sensitivity

As a result of the significant operations in the US, Europe and China, the Group's balance sheet can be affected significantly by movements in the US Dollar/Sterling, Euro/Sterling, and US Dollar/Euro exchange rates. In order to manage these risks the Group enters into currency forward contracts designated as cash flow hedge relationships and foreign currency borrowings designated as net investment hedges.

The financial impact of changes in the mark to market value of the currency forward contracts for reasonably possible changes in the value of Sterling on the Group's result before tax and the Group's equity is set out in the following table. There is no effect on profit before tax because all currency forward contracts are designated as hedging instruments. The impact of translating the net assets of foreign operations into Sterling is excluded from the sensitivity analysis.

Decrease/(increase) in the value of US Dollar compared to other currencies:

	25% Decrease in US\$ value		10% Increase in US\$ value	
	2025 £m	2024 £m	2025 £m	2024 £m
Effect on equity of currency forward contracts	(3.4)	(2.7)	1.6	1.5
Effect on equity of net investment hedge	1.8	0.5	(1.0)	(0.3)

## (G) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the basis points of the Group's floating interest rates:

	Increase in basis points	Effect on profit before tax	
		2025 £m	2024 £m
Sterling	+150	(0.4)	(0.4)
US Dollar	+150	(0.1)	-
Euro	+150	(0.2)	(0.1)
Canadian Dollar	+150	(0.2)	-
		<b>(0.9)</b>	<b>(0.5)</b>

## (H) Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at the year end date in respect of which all conditions precedent had been met at that date:

	2025 £m	2024 £m
Expiring within one year or less, or on demand	6.4	6.0
Expiring between one and two years	16.4	-
Expiring between two and five years	-	41.1
	<b>22.8</b>	<b>47.1</b>

The facilities expiring in one year or less, or on demand, are primarily annual facilities subject to review at various dates during the year ending 31 March 2026.

## (I) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a satisfactory credit rating and capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2025 and 31 March 2024.

The capital structure of the Group consists of net debt, as disclosed in Note 23, and equity attributable to the owners of the parent, as disclosed in the Consolidated Statement of Changes in Equity.

The Group monitors capital using two gearing ratios which align with the two primary financial covenants on the Group's core banking facility. The core banking facility has been subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITDA to net finance charges. While liquidity remained sufficient under the bank facility, the economic uncertainty arising from the Covid-19 pandemic resulted in the Group agreeing with its banking partners, in May 2020, to amend the covenant structure over the period to September 2021. The revised structure replaced the net debt to EBITDA and EBITDA to net financing charge tests with minimum rolling 12-month EBITDA and minimum available liquidity tests at quarterly test dates, which created additional flexibility in uncertain operating conditions. See Note 14 for further details of the Group's banking facilities. The Group is not subject to any other externally imposed capital requirements.

	2025 £m	2024 £m
Net debt (Note 23)	44.8	24.9
Total capital	67.4	50.2
Capital and net debt	112.2	75.1
Gearing ratio	40%	33%
Adjusted EBITDA, £m (APMs)	44.2	40.9
Net debt to adjusted EBITDA	1.0 times	0.6 times

# Notes to the consolidated financial statements CONTINUED

## 25. Business combinations

During the period the Group acquired the trade and net assets of Mac Chain Company Ltd (U.S.) and the entire issued share capital of Mac Chain Company Limited (Canada), for a total cash consideration of US\$30.9m (£23.8m). Of which \$27.8m (£21.4m) was paid on the date of the acquisition with the remaining \$3.1m (£2.4m) being deferred, \$1.57m (£1.2m) to be paid on 9 September 2025 and \$1.57m (£1.2m) on 9 September 2026. Mac Chain has operations in the Pacific Northwest of the USA, British Columbia, and Quebec, and is a manufacturer and distributor of high quality conveyor chain ("CVC") and ancillary products, with a significant presence in the forestry and broader industrial markets.

The transaction has been accounted for as a business combination under IFRS 3 and is summarised below:

	Recognised values on acquisition £m
Fair value of net assets acquired:	
Intangible assets	9.5
Property, plant and equipment	1.0
Right-of-use-assets	5.5
Inventories	6.9
Trade and other receivables	3.3
Cash and cash equivalents	1.0
Trade and other payables	(2.1)
Lease liabilities	(5.5)
Provisions	(0.1)
Deferred tax liabilities	(1.4)
Net identifiable assets and liabilities	18.1
Goodwill	5.7
Total consideration	23.8
Consideration:	
Cash consideration	21.4
Deferred consideration	2.4
Total consideration transferred/to be transferred	23.8
Net cash outflow arising on acquisition:	
Cash consideration paid	(21.4)
Add: cash and cash equivalents acquired	1.0
	(20.4)
Increase in net debt arising on acquisition:	
Net cash outflow arising on acquisition	(20.4)
Acquisition costs	(1.3)
	(21.7)

Acquisition related costs amounted to £1.6m and have been included in the Income Statement. Only £1.3m of this was paid by the period end.

The gross contractual value of the trade and other receivables was £3.3m. The best estimate at the acquisition date of the contractual cash flows not expected to be collected was £nil.

Deferred consideration of £2.4m is payable within 2 years.

The goodwill arising on acquisition has been allocated to the Americas CGU and is expected to be deductible for tax purposes. The goodwill is attributable to:

- the anticipated profitability of the distribution of the Group's services in new markets; and
- the synergies that can be achieved in the business combination including management, processes and maximising site capacities.

The business was acquired on 9 September 2024 and contributed £9.3m revenue and £1.3m adjusted operating profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on the first day of the financial period, the acquisition would have contributed £17.0m to Group revenue, £0.8m to Group operating profit and £1.9m to adjusted operating profit (after adding back £0.5m amortisation of acquired intangibles and £0.6m unwind of fair value inventory uplift on acquisition).

During the year deferred consideration of €2.0m (£1.7m) was also paid in relation to the acquisition of the conveyor chain business of Industrias YUK S.A. in the year ended 31 March 2023.

Total net cash outflow arising on acquisitions:

<b>Total net cash outflow arising on acquisitions:</b>	<b>£m</b>
Mac Chain	(20.4)
Industrias YUK S.A.	(1.7)
	(22.1)
<b>Total increase in net debt arising on acquisitions:</b>	<b>£m</b>
Mac Chain	(21.7)
Industrias YUK S.A.	(1.7)
	(23.4)

## 26. Post balance sheet event

On 25 June 2025, the Group acquired the entire issued share capital of Ognibene S.p.a. ("Ognibene") for a total cash consideration of €10.0m (£8.4m). Ognibene is being acquired on a cash free, debt free basis, and will consist of an initial cash consideration of €9.0m (£7.6m), followed by a further cash payment of €1.0m (£0.8m), payable 12 months from the anniversary of completion of the acquisition. Ognibene is a manufacturer and distributor of high-quality transmission chain ("TRC") and ancillary products servicing a range of end markets, including packaging machinery, distribution and food processing. The acquisition increases the Group's access to the Italian, and wider Southern European market, allowing Renold to improve its customer service offering by accommodating local stocking of our complete chain range in Italy, which in turn will generate manufacturing synergies between Ognibene and Renold's existing international operations.

The book value of the net assets acquired is as follows:

<b>Recognised values on acquisitions:</b>	<b>£m</b>
Total net assets acquired	7.7

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed.

Management acknowledge there are disclosures under IFRS 3 that haven't been made because of the timing of the acquisition in relation to the time of the announcement, which doesn't allow sufficient time for the fair value adjustments to be performed.

<b>Fair value of consideration paid</b>	<b>£m</b>
Cash consideration	7.6
Deferred consideration	0.8
Total consideration transferred/to be transferred	8.4

On 23 April 2025, the Group renewed its core banking facility that was due to mature in May 2026. The existing multi-currency revolving facility has been amended and extended by a period of two years and will be in place until May 2028 and is fully committed and available until maturity. The existing facility has been increased to £105.0m from the previous level of £85.0m and will be provided by the existing banks: HSBC UK, Allied Irish Bank (GB), and Citibank.

On 21 May 2025, the Board of Renold confirmed that it has received two separate unsolicited and non-binding all-cash proposals from a consortium comprising Buckthorn Partners LLP and One Equity Partners IX, L.P, and Webster Industries, Inc, a company majority-owned by a fund managed and controlled by Morgenthaler Private Equity ("MPE"), to acquire the entire issued and to be issued ordinary share capital of Renold plc.

On 13 June 2025, MPE Bid Co, made a formal offer to acquire the entire issued and to be issued ordinary share capital of Renold plc at 82p per ordinary share.

# Company balance sheet

as at 31 March 2025

	Note	2025 £m	2024 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2	1.9	3.0
Property, plant and equipment	3	0.2	0.3
Right-of-use assets	9	0.5	0.5
Investments in subsidiary undertakings	4	79.9	62.0
Receivables	6	104.1	92.7
Retirement benefit asset	12	1.2	-
Deferred tax assets	5	-	0.2
		<b>187.8</b>	158.7
<b>Current assets</b>			
Receivables	6	7.5	4.0
Cash and cash equivalents		0.4	2.0
		<b>7.9</b>	6.0
<b>TOTAL ASSETS</b>		<b>195.7</b>	164.7
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	(5.7)	(5.0)
Lease liabilities	9	(0.2)	(0.3)
Borrowings	10	-	-
Derivative financial instruments	8	-	-
		<b>(5.9)</b>	(5.3)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>2.0</b>	0.7
<b>Non-current liabilities</b>			
Trade and other payables	7	(86.6)	(73.3)
Lease liabilities	9	(0.3)	(0.2)
Borrowings	10	(62.6)	(37.2)
Provisions	11	(0.2)	(0.2)
Deferred tax liability	5	(0.3)	-
Preference stock	10	(0.5)	(0.5)
Retirement benefit obligations	12	-	(0.7)
		<b>(150.5)</b>	(112.1)
<b>TOTAL LIABILITIES</b>		<b>(156.4)</b>	(117.4)
<b>NET ASSETS</b>		<b>39.3</b>	47.3
<b>Equity</b>			
Share capital	13	11.3	11.3
Other reserves		(8.6)	(9.0)
Retained earnings		36.6	45.0
<b>TOTAL EQUITY</b>		<b>39.3</b>	47.3

The loss of Renold plc (registered number 249688) for the year ended 31 March 2025 was £9.7m (2024: loss of £3.7m).

Approved by the Board on 8 July 2025 and signed on its behalf by:

**ROBERT PURCELL**  
Chief Executive

**JIM HAUGHEY**  
Finance Director

# Company statement of changes in equity

for the year ended 31 March 2025

	Share capital £m Note 13	Retained earnings £m	Other reserves £m	Total £m
<b>At 31 March 2023</b>	11.3	46.6	(5.0)	52.9
Loss for the year	-	(3.7)	-	(3.7)
Other comprehensive income	-	1.3	(0.1)	1.2
Total comprehensive expense for the year	-	(2.4)	(0.1)	(2.5)
Own shares purchased	-	-	(4.5)	(4.5)
Settlement of share schemes	-	(0.6)	0.6	-
Share-based payments	-	1.4	-	1.4
<b>At 31 March 2024</b>	<b>11.3</b>	<b>45.0</b>	<b>(9.0)</b>	<b>47.3</b>
Loss for the year	-	(9.7)	-	(9.7)
Other comprehensive income	-	1.2	-	1.2
Total comprehensive expense for the year	-	(8.5)	-	(8.5)
Settlement of share schemes	-	(0.4)	0.4	-
Share-based payments	-	1.5	-	1.5
Dividends paid during the year	-	(1.0)	-	(1.0)
<b>At 31 March 2025</b>	<b>11.3</b>	<b>36.6</b>	<b>(8.6)</b>	<b>39.3</b>

Details of share-based payment transactions are set out in Note 20 of the consolidated financial statements.

Included in retained earnings is £5.2m (31 March 2024: £3.9m) relating to a share option reserve.

The other reserves are stated after deducting £8.4m (31 March 2024: £8.8m) relating to shares held in the Renold Employee Benefit Trust. The Renold Employee Benefit Trust holds Renold plc shares and satisfies awards made under various employee incentive schemes when issuance of new shares is not appropriate.

At 31 March 2025 26,198,883 (31 March 2024: 27,583,116) ordinary shares of 5p each were held by the Renold Employee Benefit Trust and, following recommendations by the employer, are provisionally allocated to satisfy awards under employee incentive schemes. The market value of these shares at 31 March 2025 was £10.8m (31 March 2024: £10.3m).

# Company accounting policies

A summary of the principal Company accounting policies is set out below. These have been applied on a consistent basis unless otherwise indicated.

## Basis of accounting

The Parent Company financial statements of Renold plc meet the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100). The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In these financial statements, the Company has applied the exemptions available under FRS 101 in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted and significant accounting judgements, estimates and assumptions are the same as those set out in the Notes to the consolidated financial statements.

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income (including the profit and loss account).

## Intangible assets

Computer software that is not integral to an item of plant and equipment is recognised separately as an intangible asset. Amortisation is charged on a straight-line basis so as to charge the cost of software to the income statement over its expected useful life which is between three and seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

## Property, plant and equipment

Tangible assets are stated at cost, being purchase cost plus any incidental costs of acquisition, less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective assets to the income statement over their expected useful lives. No depreciation has been charged on freehold land. The useful lives of assets are as follows:

	Years
Freehold buildings	50
General plant and equipment	15
Fixtures	15
Motor vehicles	3

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

## Investments in subsidiary undertakings

Investments in subsidiary companies are accounted for at cost and reviewed for impairment on an annual basis. Where indicators of impairment are present, the cash flows of the underlying entities are reviewed to determine whether the investment value is recoverable.

The results and financial position of Renold Scottish Limited Partnership (SLP) have been consolidated in the consolidated financial statements of Renold plc. Renold plc is a parent undertaking of the general partner in the SLP (see Note 15 to the Company financial statements). Accordingly, advantage has been taken of the exemption conferred by paragraph 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnerships accounts.

## Receivables

Receivables are initially recognised at fair value. Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Financial assets are measured at amortised cost using the effective interest method, less any impairment.

Per IFRS 9, a simplified lifetime expected credit loss model is used to assess receivables for impairment. An assessment regarding the expected credit loss of these amounts has been made and the Company has identified that no allowance for expected credit losses is required.

Amounts owed by subsidiary undertakings falling due after more than one year are classified as such according to the loan agreements in place.

## Leasing and right-of-use assets

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and associated finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Company has a property lease and several equipment and vehicle leases.

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Company's obligation to make lease payments, are recognised in the Company's Balance Sheet at the commencement of the lease. The right-of-use asset is initially measured at cost and includes the amount of initial measurement of the lease liability and any direct costs incurred, including advance lease payments and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Depreciation is charged to the Income Statement to depreciate the right-of-use asset from the commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of any extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchased options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the Income Statement over the period of the lease. Lease arrangements that are short term in nature or low value are charged directly to the Income Statement when incurred. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of furniture or equipment.

### Provisions

Provisions are recognised when the Company: (i) has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, e.g. under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Costs related to ongoing activities of the Company are not provided in advance.

### Critical judgements in the application of the company's accounting policies

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies other than those involving estimations (below) that have had a significant effect on the amounts recognised in the financial statements.

### Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the Company's assets or liabilities in the future.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Retirement benefit obligations

The valuation of the Company's defined benefit plans are determined by using actuarial valuations. These involve making assumptions about discount rates, mortality rates, future salary increases and future pension increases (future salary and pension increases are linked to inflation rate assumptions). Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Net interest is calculated by applying the discount rate to the net defined benefit liability. Further details are given in Note 12.

# Notes to the Company financial statements

## 1. Loss for the year

Renold plc reported a loss for the year ended 31 March 2025 of £9.7m (2024: £3.7m).

The Auditor's remuneration for audit and other services is disclosed in Note 2 to the consolidated financial statements.

The average monthly number of employees (excluding Executive Directors) during the financial year amounted to 40 (2024: 41), of which all are categorised as Head Office employees.

## 2. Intangible assets

	Software Total £m
<b>Cost</b>	
At 1 April 2023	16.9
Additions	1.2
<b>At 31 March 2024</b>	<b>18.1</b>
Additions	1.1
Transfers	(2.0)
<b>At 31 March 2025</b>	<b>17.2</b>
<b>Depreciation</b>	
At 1 April 2023	14.5
Charge for the year	0.6
<b>At 31 March 2024</b>	<b>15.1</b>
Charge for the year	0.6
Transfers	(0.4)
<b>At 31 March 2025</b>	<b>15.3</b>
<b>Net book amount at 31 March 2025</b>	<b>1.9</b>
Net book amount at 31 March 2024	3.0

## 3. Property, plant and equipment

	Property £m	Equipment £m	Total £m
<b>Cost</b>			
At 1 April 2023	0.2	0.6	0.8
Additions	–	0.1	0.1
<b>At 31 March 2024</b>	<b>0.2</b>	<b>0.7</b>	<b>0.9</b>
Additions	–	0.1	0.1
Disposals	–	(0.2)	(0.2)
<b>At 31 March 2025</b>	<b>0.2</b>	<b>0.6</b>	<b>0.8</b>
<b>Depreciation</b>			
At 1 April 2023	0.1	0.4	0.5
Charge for the year	–	0.1	0.1
<b>At 31 March 2024</b>	<b>0.1</b>	<b>0.5</b>	<b>0.6</b>
Charge for the year	0.1	0.1	0.2
Disposals	–	(0.2)	(0.2)
<b>At 31 March 2025</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>
<b>Net book amount at 31 March 2025</b>	<b>–</b>	<b>0.2</b>	<b>0.2</b>
Net book amount at 31 March 2024	0.1	0.2	0.3

## Future capital expenditure

At 31 March 2025, contracted capital expenditure not provided for in these financial statements for which contracts have been placed amounted to £nil (2024: £nil).

## 4. Investments in subsidiary undertakings

Subsidiary undertakings	Shares £m
Cost and carrying value – At beginning of the year	62.0
Additions	17.9
Cost and carrying value – At end of the year	79.9

The subsidiary undertakings of the Company at 31 March 2025 are set out in Note 15.

## 5. Deferred tax assets

	Opening balance £m	Recognised in income statement £m	Recognised directly in other comprehensive income £m	Closing balance £m
<b>2025 - Pension plans</b>	<b>0.2</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.3)</b>
2024 - Pension plans	0.5	(0.2)	(0.1)	0.2

Unrecognised deferred tax assets amount to £5.0m (2024: £6.6m) arising from the pension plan, accelerated capital allowances, carried forward trading losses, and movement in pensions and accruals.

## 6. Receivables

	2025		2024	
	Current £m	Non-current £m	Current £m	Non-current £m
Amounts owed by subsidiary undertakings <sup>1</sup>	5.7	104.1	2.3	92.7
Other debtors	0.3	–	0.5	–
Prepayments	1.5	–	1.2	–
	<b>7.5</b>	<b>104.1</b>	4.0	92.7

<sup>1</sup>Current amounts owed by subsidiary undertakings are repayable on demand, bear no interest and are held at amortised cost. Non-current amounts owed by subsidiary undertakings attract varying rates of interest, are unsecured and are repayable in more than one year. An assessment regarding the expected credit loss of these amounts has been made and the Company has identified that no allowance for expected credit losses is required based on their nature as either quasi-equity or repayable on demand loans not exceeding the investee's liquid assets.

## 7. Trade and other payables

	2025 £m	2024 £m
<b>Current</b>		
Trade creditors	1.3	1.0
Other taxation and social security	0.3	0.3
Accruals	4.0	3.7
Amounts owed to subsidiary undertakings	0.1	–
	<b>5.7</b>	5.0

Loans from subsidiary undertakings includes a 25-year loan of £62.5m (31 March 2024: £62.5m) which was established with Renold International Holdings Limited in 2014. Interest on this loan increases in line with RPI plus 1.5%, capped at 5%, and is payable for the period of the loan.

	2025 £m	2024 £m
<b>Non-current</b>		
Loan from subsidiary undertakings	86.6	73.3

Loans from subsidiary undertakings includes a 25-year loan of £62.5m (31 March 2024: £62.5m) which was established with Renold International Holdings Limited in 2014. Interest on this loan increases in line with RPI plus 1.5%, capped at 5%, and is payable for the period of the loan.

# Notes to the Company financial statements CONTINUED

## 8. Derivative financial instruments

	2025 £m	2024 £m
Forward foreign currency contracts – cash flow hedge	–	–

At 31 March 2025, the Company had entered into forward contracts with a notional value of £2.3m (31 March 2024: £2.3m) to sell Sterling and buy Euros. The contracts were placed to cover purchases in Euros by the Group's operations.

## 9. Leasing and right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
At 1 April 2023	1.0	0.3	1.3
Additions	–	0.2	0.2
<b>At 31 March 2024</b>	<b>1.0</b>	<b>0.5</b>	<b>1.5</b>
Additions	–	0.2	0.2
Disposals	–	(0.1)	(0.1)
<b>At 31 March 2025</b>	<b>1.0</b>	<b>0.6</b>	<b>1.6</b>
<b>Accumulated depreciation and impairment</b>			
At 1 April 2023	0.7	–	0.7
Charge for the year	0.2	0.1	0.3
<b>At 31 March 2024</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>
Charge for the year	0.1	0.1	0.2
Disposals	–	(0.1)	(0.1)
<b>At 31 March 2025</b>	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>
<b>Net book amount</b>			
<b>At 31 March 2025</b>	<b>–</b>	<b>0.5</b>	<b>0.5</b>
At 31 March 2024	0.1	0.4	0.5

## Lease liabilities

	2025 £m	2024 £m
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	0.2	0.3
One to two years	0.1	0.1
Two to five years	0.2	0.1
<b>Total undiscounted lease liabilities at 31 March</b>	<b>0.5</b>	0.5
Less: Interest allocated to future periods	–	–
<b>Lease liabilities included in the balance sheet</b>	<b>0.5</b>	0.5
Current	0.2	0.3
Non-current	0.3	0.2

## 10. Borrowings

	2025 £m	2024 £m
<b>Amounts falling due within one year:</b>		
Bank loans repayable in one year	–	–
Capitalised costs <sup>1</sup>	–	–
Current borrowings	–	–
<b>Amounts falling due after more than one year:</b>		
Bank loans repayable in two to five years	63.0	37.9
Capitalised costs <sup>1</sup>	(0.4)	(0.7)
Non-current borrowings	62.6	37.2
Preference stock	0.5	0.5
	<b>63.1</b>	37.7
<b>Total borrowings</b>	<b>63.1</b>	37.7

<sup>1</sup> The presentation of capitalised costs has been amended to show all capitalised costs within non-current borrowings. The total amount of capitalised costs expected to unwind within one year is £0.3m (2024: £0.3m).

## 11. Provisions

	Non-current dilapidations provision £m
At 1 April 2024	0.2
Arising during the year	–
<b>At 31 March 2025</b>	<b>0.2</b>

### Dilapidations

A provision is recognised in relation to contractual obligations to reinstate the Company's leasehold property to the state of repair specified in the property lease. The provision includes costs, as required within the lease, to rectify or reinstate modifications to the property and to remediate general wear and tear incurred to the balance sheet date. The provision to rectify or reinstate modifications is recognised on inception, with a corresponding fixed asset that is depreciated in line with the underlying asset. The provision to rectify general wear and tear is recognised as it is incurred over the life of the lease.

The provision is assessed based on the expected cost at the balance sheet date, using recent cost estimates from suitably qualified property professionals. These estimates are adjusted to reflect the impact of inflation between the date of assessment and the expected timing of the payments, and are then discounted back to present value. The inflation rate applied is 3.0% and the discount rate applied is 5.5%.

The provision relates to cash outflows which are expected to take place at the end of the lease term in 2030 and as a result all of the provision is classed as non-current.

# Notes to the Company financial statements CONTINUED

## 12. Retirement benefit schemes

### Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £0.4m (2024: £0.4m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. No contributions are outstanding at the year end.

### Defined benefit schemes

Employees of the Company include members of the principal UK defined benefit schemes. The basis used to determine the deficit in the schemes is disclosed in Note 18 to the consolidated financial statements.

	2025 £m	2024 £m
IAS 19 retirement benefit obligation	(7.7)	(9.8)
Renold Scottish Limited Partnership retirement benefit plan asset <sup>1</sup>	8.9	9.1
Retirement benefit obligations	1.2	(0.7)

<sup>1</sup> In 2014, a deemed contribution of £10m was made to the pension scheme, which in turn invested the £10m in the Renold Scottish Limited Partnership (the "SLP"). This has been recognised as a plan asset and unwinds, by way of a reduction in the asset and with a corresponding remeasurement increase in the IAS 19 retirement benefit obligation, in line with the committed cash contributions made by the SLP to the scheme (over the 25 year period ending in 2038). At each balance sheet date the value of the SLP plan asset is calculated as the discounted value of the expected future cash contributions payable by the SLP under the scheme. Remeasurement gains or losses are recorded in other comprehensive income.

There is a contractual agreement between the Company and its UK subsidiary, Renold Power Transmission Limited, to reflect the IAS 19 defined benefit pension scheme obligation in a 25:75 split respectively. Further details of the UK defined benefit scheme are disclosed in Note 18 of the consolidated financial statements.

The movement in the present value of the total defined benefit plan scheme is as follows:

	IAS 19 liabilities £m	IAS 19 plan assets £m	Total IAS 19 defined benefit obligation £m	SLP retirement benefit plan asset £m	Total defined benefit pension scheme £m
<b>At 31 March 2023</b>	(36.4)	25.4	(11.0)	8.9	(2.1)
Interest income/(expense)	(1.7)	1.2	(0.5)	0.4	(0.1)
Remeasurement gains/(losses)	0.7	0.6	1.3	(0.2)	1.1
Benefits paid	2.5	(2.5)	-	-	-
Employer contributions	-	0.4	0.4	-	0.4
<b>At 31 March 2024</b>	<b>(34.9)</b>	<b>25.1</b>	<b>(9.8)</b>	<b>9.1</b>	<b>(0.7)</b>
Interest income/(expense)	(1.7)	1.2	(0.5)	0.4	(0.1)
Remeasurement gains/(losses)	2.8	(0.7)	2.1	(0.6)	1.5
Benefits paid	2.5	(2.5)	-	-	-
Employer contributions	-	0.5	0.5	-	0.5
<b>At 31 March 2025</b>	<b>(31.3)</b>	<b>23.6</b>	<b>(7.7)</b>	<b>8.9</b>	<b>1.2</b>

## 13. Called up share capital

	Issued and fully paid	
	2025 £m	2024 £m
<b>Ordinary shares of 5p each</b>	<b>11.3</b>	11.3

At 31 March 2025 the issued ordinary share capital comprised 225,417,740 ordinary shares of 5p each (2024: 225,417,740).

	Issued and fully paid	
	2025 £m	2024 £m
<b>Preference stock of £1 each<sup>1</sup></b>	<b>0.5</b>	0.5

<sup>1</sup> Included in borrowings – see Note 10.

Disclosures in respect of capital management can be found in Note 24 to the consolidated financial statements.

## 14. Related party transactions

Other than payments made to Directors, which are set out in the Directors' remuneration report on pages 52 to 57 and in Note 2(C) of the consolidated financial statements, there are no other related party transactions to disclose. The Company has taken the exemption available under FRS 101 not to disclose transactions with wholly-owned subsidiary companies.

## 15. Subsidiary undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiary undertakings, the country of incorporation and the effective percentage of equity owned, as at 31 March 2025 is disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary or common shares which are held by subsidiaries of the Renold Group. The UK subsidiaries are incorporated in England and Wales and the registered address of all offices is Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester, M22 5XB unless stated.

### United Kingdom

Renold Power Transmission Limited*		
Renold International Holdings Limited*		
Hans Renold Limited*		
Renold Holdings Limited*		
Renold Continental Limited		
Renold Pensions Limited*	dormant	
Renold Group General Partner Limited*	pension entity	1 George Square, Glasgow, G2 1AL
Renold Scottish Limited Partnership	pension entity	1 George Square, Glasgow, G2 1AL

### Europe (other than the United Kingdom)

Austria	Renold GmbH	Kärntner Ring 12, A-1010 Wien
Denmark	Renold A/S	Kaerup Alle 2, 1. Benlose, 4100, Ringstad
France	Renold France SAS*	100 rue du Courbillon, 59175, Vendeville
Germany	Renold GmbH	Juliusmühle, 37574, Einbeck
	Renold Holding GmbH*	Juliusmühle, 37574, Einbeck
	Renold Automotive Systems	Juliusmühle, 37574, Einbeck
Italy	Renold Italy S.r.l	Roma (rm) Piazza Di Pietra 26 Cap 00186
Poland	Renold Polska sp. z o.o.	Uniwersytecka 20, 40-007 Katowice, Poland
	Renold Poland sp. z o.o.	
Spain	Renold Iberia S.A.U	Polígono Industrial El Oliveral, Sub-Pol número 6, parcela 2 y 3, Ribarroja del Turia, Valencia
Sweden	Renold Transmission AB	
Switzerland	Renold (Switzerland) GmbH	Ringstrasse 16, CH-8600, Dübendorf 1
Turkey	Renold Zincir Sanayi Ve Ticaret Anonim Şirketi	İstasyon Mah. Yarış Çıkmazı Sk. No:1 İç Kapı No:54 Tuzla/ İstanbul

### North America

Canada	Renold Canada Limited*	622 rue De Hull, Montreal, Quebec, H8R 1VG
USA	Renold Inc	100 Bourne Street, Suite 2, Westfield, NY 14787
	Jeffrey Chain LP	2307 Maden Drive, Morristown, TN 37813
	Renold Mac Chain Company Inc	2307 Maden Drive, Morristown, TN 37813
	Renold Holdings Inc	2307 Maden Drive, Morristown, TN 37813
	Jeffrey Chain Acquisition Co Inc	2307 Maden Drive, Morristown, TN 37813
	Jeffrey Chain Corp	2307 Maden Drive, Morristown, TN 37813

# Notes to the Company financial statements CONTINUED

## 15. Subsidiary undertakings CONTINUED

### Other countries

Australia	Renold Australia Proprietary Limited*	508-520 Wellington Road, Mulgrave, Victoria 3170
China	Renold Transmission (Shanghai) Company Limited	Section A, Floor 3 of Composite Building, No. 18 North Fute Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai
	Renold Technologies (Shanghai) Company Limited (Dormant)	Building 3, No. 385 Zheng Zhong Xin Road, Beicai Town, Pudong, Shanghai
	Renold (Hangzhou) Co Limited (Dormant)	No.82 Dongfang Road, Yiqiao Town, Xiaoshan District, Hangzhou Municipality, Zhejiang Province
	Renold (China) Transmission Products Co Ltd	No. 168 Huacheng Road, Jintan District, Changzhou
India	Renold Chain India Private Limited	S.F No: 568/1A, 569/1&2, D. Gudalur (P.O), Guziliamparai (T.K), Dindigul (D.T), Tamil Nadu - 624 620
Malaysia	Renold (Malaysia) Sdn Bhd	No. 2, Jalan Anggerik Mokara 31/44, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor, Malaysia
New Zealand	Renold New Zealand Limited*	594 Rosebank Road, Avondale, Auckland
Thailand	Renold (Thailand) Limited	399 Interchange Building, Unit 10, 24th Floor, Sukhumvit 21 Road, Klongtoey Nua Sub-District, Wattana District, Bangkok

\* Direct subsidiary of Renold plc.

All of our companies are wholly owned direct or indirect subsidiaries of Renold plc, a company incorporated in England and Wales, which ultimately holds a 100% interest in the equity shares and voting rights.

Our overseas companies are incorporated in the countries in which they operate except where otherwise stated.

# Group five year financial review (unaudited)

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Group revenue	245.1	241.4	247.1	195.2	165.3
Adjusted operating profit	32.2	29.7	24.2	15.3	11.4
<b>Operating profit</b>	<b>28.5</b>	30.5	22.9	16.2	10.7
Profit before tax	20.6	22.9	17.3	12.4	6.1
Taxation	(5.5)	(5.8)	(5.5)	(2.2)	(1.5)
<b>Profit for the year from continuing operations</b>	<b>15.1</b>	17.1	11.8	10.2	4.6
<b>Capital employed</b>					
Tangible and intangible fixed assets	81.8	67.6	67.7	54.4	53.0
Right-of-use assets	19.6	15.1	16.5	8.0	10.7
Lease liabilities	(19.8)	(15.1)	(20.2)	(12.0)	(15.4)
Working capital and other net assets	54.0	46.4	45.9	30.4	31.2
Operating assets	135.6	114.0	109.9	80.8	79.5
Goodwill	34.0	29.3	28.2	22.7	21.7
Deferred and current taxation	(5.4)	(4.5)	(2.0)	8.4	10.0
Provisions	(5.0)	(6.6)	(5.0)	(4.0)	(3.9)
Capital employed	159.2	132.2	131.1	107.9	107.3
Net debt	(44.8)	(24.9)	(29.8)	(13.8)	(18.4)
Pension obligations	(47.0)	(57.1)	(62.2)	(87.1)	(102.4)
<b>Total net assets/(liabilities)</b>	<b>67.4</b>	50.2	39.1	7.0	(13.5)
<b>Other data and ratios</b>					
Return on capital employed (%) <sup>1</sup>	22.1	22.6	20.3	13.8	9.2
Return on sales (%) <sup>2</sup>	13.1	12.3	9.8	7.8	6.9
Capital expenditure (£m)	16.4	9.0	9.0	6.3	3.0
Adjusted earnings per share (p) from continuing operations	9.0p	7.8p	6.5p	4.3p	2.3p
Basic earnings per share (p) from continuing operations	7.6p	8.3p	5.7p	4.7p	2.0p
Employees at year end	1,928	1,824	1,864	1,817	1,739

<sup>1</sup> Being adjusted operating profit divided by average capital employed.

<sup>2</sup> Based on adjusted operating profit divided by revenue.

# Alternative performance measures

In order to provide users of the accounts with a clear and consistent presentation of the performance of the Group's ongoing trading activity, the Group uses various alternative performance measures (APMs), including the presentation of the income statement in a three column format with 'Adjusted' measures shown separately from statutory items. Amortisation of acquired intangibles, restructuring costs, discontinued operations and material one-off items or remeasurements are included in a separate column as management seek to present a measure of performance which is not impacted by material non-recurring items or items considered non-operational. Performance measures for the Group's ongoing trading activity are described as 'Adjusted' and are used to measure and monitor performance as management believe these measures enable users of the financial statements to better assess the trading performance of the business. In addition, the Group reports sales and profit measures at constant exchange rates. Constant exchange rate metrics exclude the impact of foreign exchange translation, by retranslating the current period results using prior year exchange rates.

The APMs used by the Group include:

APM	Reference	Explanation of APM
○ adjusted operating profit	A	Adjusted measures are used by the Group as a measure of underlying business performance, adding back items that do not relate to underlying performance
○ adjusted profit before taxation	B	
○ adjusted EPS	C	
○ return on sales	D	
○ operating profit gearing	D	
○ revenue at constant exchange rates	E	Constant exchange rate metrics adjust for constant foreign exchange translation and are used by the Group to better understand year on year changes in performance
○ adjusted operating profit at constant exchange rates	F	
○ return on sales at constant exchange rates	G	
○ EBITDA	H	EBITDA is a widely utilised measure of profitability, adjusting to remove non-cash depreciation and amortisation charges
○ adjusted EBITDA	H	
○ operating cash flow	H	
○ net debt	I	Net debt, leverage and gearing are used to assess the level of borrowings within the Group and are widely used in capital markets analysis
○ leverage ratio	J	
○ gearing ratio	K	
○ legacy pension cash costs	L	The cost of legacy pensions is used by the Group as a measure of the cash cost of servicing legacy pension schemes
○ average working capital ratio	M	Working capital as a ratio of rolling 12 month revenue is used to measure cash performance and balance sheet strength

APMs are defined and reconciled to the IFRS statutory measure as follows:

## (A) Adjusted operating profit

	Year ended 31 March 2025			
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Operating profit	29.5	10.9	(11.9)	28.5
Add back/(deduct):				
Amortisation of acquired intangible assets	1.6	-	-	1.6
Acquisition costs	-	-	1.6	1.6
Impact of Valencia flood	0.4	-	-	0.4
Unwind of fair value inventory uplift on acquisition	0.6	-	-	0.6
Release of dilapidation provision on acquisition of leased property	-	(0.5)	-	(0.5)
<b>Adjusted operating profit</b>	<b>32.1</b>	<b>10.4</b>	<b>(10.3)</b>	<b>32.2</b>

## Year ended 31 March 2024

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Operating profit	32.8	8.4	(10.7)	30.5
Add back/(deduct):				
Amortisation of acquired intangible assets	1.0	-	-	1.0
Acquisition costs	-	-	0.5	0.5
Assignment of lease and cost of closed sites	(2.3)	-	-	(2.3)
<b>Adjusted operating profit</b>	<b>31.5</b>	<b>8.4</b>	<b>(10.2)</b>	<b>29.7</b>

**(B) Adjusted profit before taxation**

	2025 £m	2024 £m
Profit before taxation	20.6	22.9
Add back/(deduct):		
Amortisation of acquired intangible assets	1.6	1.0
Acquisition costs	1.6	0.5
Impact of Valencia flood	0.4	-
Unwind of fair value inventory uplift on acquisition of Mac Chain	0.6	-
Release of dilapidation provision on acquisition of leased property	(0.5)	-
Assignment of lease and cost of closed sites	-	(2.3)
<b>Adjusted profit before taxation</b>	<b>24.3</b>	<b>22.1</b>

**(C) Adjusted earnings per share**

Adjusted EPS is reconciled to statutory EPS in Note 5.

**(D) Return on sales and adjusted operating profit gearing**

## Year ended 31 March 2025

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit	32.1	10.4	(10.3)	32.2
Total revenue (including inter-segment sales)	195.3	54.8	(5.0)	245.1
<b>Return on sales %</b>	<b>16.4%</b>	<b>19.0%</b>	<b>-</b>	<b>13.1%</b>

## Year ended 31 March 2024

	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit	31.5	8.4	(10.2)	29.7
Total revenue (including inter-segment sales)	192.8	53.5	(4.9)	241.4
<b>Return on sales %</b>	<b>16.3%</b>	<b>15.7%</b>	<b>-</b>	<b>12.3%</b>

## Alternative performance measures CONTINUED

### (D) Return on sales and adjusted operating profit gearing CONTINUED

	Year ended 31 March 2025			
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit – 2025	32.1	10.4	(10.3)	32.2
Adjusted operating profit – 2024	31.5	8.4	(10.2)	29.7
Year on year change in adjusted operating profit (a)	0.6	2.0	(0.1)	2.5
Total revenue (including inter-segment sales) – 2025	195.3	54.8	(5.0)	245.1
Total revenue (including inter-segment sales) – 2024	192.8	53.5	(4.9)	241.4
Year on year change in total revenue (b)	2.5	1.3	(0.1)	3.7
<b>Adjusted operating profit gearing % ((a)/(b))</b>	<b>24%</b>	<b>154%</b>	<b>n/a</b>	<b>68%</b>

	Year ended 31 March 2024			
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
Adjusted operating profit – 2024	31.5	8.4	(10.2)	29.7
Adjusted operating profit – 2023	27.2	5.4	(8.4)	24.2
Year on year change in adjusted operating profit (a)	4.3	3.0	(1.8)	5.5
Total revenue (including inter-segment sales) – 2024	192.8	53.5	(4.9)	241.4
Total revenue (including inter-segment sales) – 2023	202.4	48.8	(4.1)	247.1
Year on year change in total revenue (b)	(9.6)	4.7	(0.8)	(5.7)
<b>Adjusted operating profit gearing % ((a)/(b))</b>	<b>-45%</b>	<b>64%</b>	<b>n/a</b>	<b>-96%</b>

### (E), (F) & (G) Revenue, adjusted operating profit and return on sales at constant exchange rates

	Year ended 31 March 2025			
	Chain £m	Torque Transmission £m	Head office costs and eliminations £m	Consolidated £m
External customer – transferred at a point in time	194.6	44.3	–	238.9
External customer – transferred over time	–	6.2	–	6.2
Inter-segment	0.7	4.3	(5.0)	–
Foreign exchange retranslation	5.0	0.7	–	5.7
<b>Revenue at constant exchange rates</b>	<b>200.3</b>	<b>55.5</b>	<b>(5.0)</b>	<b>250.8</b>
Adjusted operating profit	32.1	10.4	(10.3)	32.2
Foreign exchange retranslation	0.8	0.1	–	0.9
<b>Adjusted operating profit at constant exchange rates</b>	<b>32.9</b>	<b>10.5</b>	<b>(10.3)</b>	<b>33.1</b>
<b>Return on sales at constant exchange rates %</b>	<b>16.4%</b>	<b>18.9%</b>	<b>–</b>	<b>13.2%</b>

## (H) EBITDA, adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation) and operating cash flow

	2025 £m	2024 £m
Statutory operating profit from continuing operations	28.5	30.5
Depreciation and amortisation	12.2	10.8
Share-based payments	1.5	1.4
<b>EBITDA<sup>1</sup></b>	<b>42.2</b>	<b>42.7</b>
Add back/(deduct):		
Profit on disposals of plant & equipment	(0.1)	-
Acquisition costs	1.6	0.5
Impact of Valencia flood	0.4	-
Unwind of fair value inventory uplift on acquisition	0.6	-
Release of dilapidation provision on acquisition of leased property	(0.5)	-
Assignment of lease and cost of closed sites	-	(2.3)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>44.2</b>	<b>40.9</b>
Inventories (Note 23)	(1.1)	-
Trade and other receivables (Note 23)	(5.9)	2.9
Trade and other payables (Note 23)	2.7	(2.7)
Provisions (Note 23)	(1.6)	1.5
<b>Movement in working capital</b>	<b>(5.9)</b>	<b>1.7</b>
Purchase of property, plant and equipment (Consolidated Statement of Cash Flows)	(11.8)	(8.3)
Purchase of intangible assets (Consolidated Statement of Cash Flows)	(1.5)	(1.3)
Proceeds from property disposals	0.2	0.1
Cash outflow on disposal of right-of-use assets	(0.2)	(0.6)
<b>Net capital expenditure</b>	<b>(13.3)</b>	<b>(10.1)</b>
<b>Operating cash flow</b>	<b>25.0</b>	<b>32.5</b>

<sup>1</sup>The calculation of EBITDA, adjusted EBITDA and operating cash flow deliberately excludes an add back for the non-cash share-based payment charge of £1.5m for the year (2024: £1.4m). This is done in order to ensure consistency with the metrics used to assess performance against the annual bonus plan targets.

## (I) Net debt

Net debt is reconciled to the statutory balance sheet in Note 23.

## (J) Leverage ratio

	2025 £m	2024 £m
Net debt (Note 23)	44.8	24.9
Adjusted EBITDA	44.2	40.9
<b>Leverage ratio</b>	<b>1.0x</b>	<b>0.6x</b>

## (K) Gearing ratio

	2025		2024	
	£m	£m	£m	£m
Net debt (Note 23)		44.8		24.9
Equity attributable to equity holders of the parent	67.4		50.2	
Net debt (Note 23)	44.8		24.9	
Total capital plus net debt		112.2		75.1
<b>Gearing ratio %</b>		<b>40%</b>		<b>33%</b>

## Alternative performance measures CONTINUED

### (L) Legacy pension cash costs

	2025 £m	2024 £m
Cash contributions to pension schemes	5.5	5.5
Pension payments in respect of unfunded schemes	1.1	1.1
Scheme administration costs	0.5	0.5
	<b>7.1</b>	7.1

### (M) Average working capital ratio

	2025 £m	2024 £m
Inventories	67.2	60.6
Trade and other receivables	48.2	39.8
Trade and other payables	(61.2)	(53.7)
Total working capital	54.2	46.7
Average working capital <sup>1</sup> (a)	50.5	47.4
Revenue (b)	245.1	241.4
<b>Average working capital ratio ((a)/(b))</b>	<b>21%</b>	20%

<sup>1</sup> Calculated as a simple average of the opening and closing balance sheet working capital.

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## Broker and financial adviser

Peel Hunt LLP (Joint Broker and Nomad)  
Cavendish Capital Markets Limited (Joint Broker)

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IFC Advisory Limited

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