Independent auditors' report to the members of Johnson Matthey Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Johnson Matthey Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated Statement of Financial Position and Parent Company Statement of Financial Position as at 31 March 2024; the Consolidated Income Statement and Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted full scope audits at 17 business units for group reporting purposes. In addition, we performed specified procedures over targeted balances and transactions at a further 15 business units.
- The business units on which audit procedures were performed together account for 84% of group revenue and 62% of group underlying profit before tax from continuing operations.
- As part of the group audit supervision process, the group engagement team met with and discussed the approach and results of audit procedures with component teams and reviewed a selection of audit files and final deliverables. In-person site visits to components in the UK, China, South Africa, the US and North Macedonia were also performed.
- The group engagement team audited the company and other centralised functions including those covering the group treasury operations, corporate taxation, post-retirement benefits, and certain goodwill and intangible asset impairment assessments. The group engagement team also performed audit procedures over the group consolidation and financial statements disclosures and performed group level analytical procedures over out of scope components.
- The group engagement team performed substantive procedures over all of the material balances and transactions of the Parent Company.

Key audit matters

- Refinery metal accounting (group and parent)
- Carrying value of goodwill (group and parent)
- Claims, uncertainties and other provisions (group and parent)

Materiality

- Overall group materiality: £20.1 million (2023: £21.1 million) based on approximately 5% of the three year profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment, amortisation of acquired intangibles and restructuring charges ("underlying profit before tax").
- Overall company materiality: £70.6 million (2023: £60 million) based on approximately 1% of total assets. However, materiality is capped at £19.5 million (2023: £20 million) for the purpose of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component.
- Performance materiality: £15.1 million (2023: £15.8 million) (group) and £14.6 million (2023: £15 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Uncertain tax provisions, which was a key audit matter last year, is no longer included because of settlements agreed with tax authorities during the year. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matter	How our audit addressed the key audit matter
Refinery metal accounting (group and parent)	
Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and note 1 and 36 to the financial statements. As part of its refining activities, the group processes a significant amount of metal on behalf of third parties, whereby the group must return pre-agreed recoverable quantities of refined metal to those parties at an agreed date. Any metal in excess of this pre-agreed quantity is retained by the group. As such, the group makes an estimate of how much metal it will recover as part of its refining operations. The majority of metal processed at refineries is owned by customers and is not held on the financial balance sheet of the group. As such, the group performs a metal balance sheet reconciliation to ensure quantities of precious metals held at year-end are appropriately understood, classified as either owned by Johnson Matthey or by the customer and reconciled to its financial position. This ensures that only the group-owned inventory is recorded on the balance sheet and that the price allocated to this owned inventory is at the lower of cost and net realisable value. During the refining process, there are a series of complex estimates including: i. Estimation of the level of metal contained in the carrier material entering the refining process, the refined metal that leaves the refining process and the residual metal in the refining process at year-end; ii. Estimates of the process losses of precious metals that may be lost during the refining and fabrication process and the adequacy of these provisions; iii. Estimates of the metal in the refinery process as informed by refinery stocktakes and the subsequent sampling and assaying to assess the precious metal content in stocktake samples; and iv. Estimates of the net realisable value of unhedged metal held at year-end. Each of these estimates impacts different areas of the audit. The refining process and its associated estimates are an area of focus for our audit due to the inherent complexity of the accounting and the amount of metal processed.	We evaluated the design and operation of key controls at the main refining locations over refinery stocktakes and metal assaying procedures. We tested that the metal balance sheet was prepared and reviewed on a monthly basis. We tested the classification of precious metals at year-end on the metal balance sheet to determine if metal was owned by the group or the customer. Our procedures included sending confirmations to customers, and testing the balance of customer metal that was in the refining process, but not contractually due. We assessed management's policy for recognising stocktake gains and losses arising from stocktakes. We attended physical stock counts at sites where these stocktakes were performed. The purpose was to verify the existence of inventory and adherence to the group's stocktake processes and to assess the reasonableness of stocktake gains and losses at these sites. We assessed the underlying controls that have been implemented by management to monitor potential inventory gains or losses through the refining process and stocktake results and to assess the likelihood and quantum of process losses (if any) of metal between the date of the stocktake and the year-end date. We assessed process loss provisions compared to historical metal gain revenue and refinery stocktake results. We tested that all unhedged metal was being held at the lower of cost and net realisable value, on an individual metal by metal methodology, with reference to external metal price data. We considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the value of metal inventory. Based on the procedures performed, we noted no material issues arising from our work.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (group and parent)	
Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and notes 1, 5, 13, 36 and 38 to the financial statements. The group holds goodwill of £353 million (2023: £364 million) at 31 March 2024. Of this amount, £113 million (2023: £113 million) is held within the parent company. The group has significant goodwill arising from the acquisition of businesses and the carrying value is dependent on the financial performance of the cash generating unit (CGU) to which it relates. The two largest CGUs are Catalyst Technologies and Clean Air Heavy Duty Catalysts which account for £264m (2023: £268m) and £84m (2023: £87m) respectively of goodwill at 31 March 2024. The goodwill held in the parent company relates to the Catalyst Technologies CGU. The impairment assessments prepared by management reflect its best estimates of future cashflows. These estimates contain significant uncertainty and are inherently judgemental in nature, where changes in the key assumptions can result in materially different impairment charges or available headroom. As set out in note 1, management has considered the impacts of climate change in their models. This is therefore an area of focus in our audit procedures. Management's assessment of the goodwill in the other CGUs concluded that no impairment was required. Management included disclosures to explain its key judgements and estimates as part of notes 1 and 5.	We obtained management's value in use goodwill impairment models and agreed the forecast cash flows to board-approved budgets, assessed how these budgets are compiled, confirmed data accuracy and understood and evaluated key related judgements and estimates. We assessed management's historical forecasting accuracy by comparing the prior year forecasts with actual results. This informed our independent sensitivity analysis. We performed work over each material CGU being the Catalyst Technologies and Clean Air Heavy Duty Catalysts CGUs. The nature and extent of work was commensurate with the level of headroom and sensitivity of the CGU to impairment. Our testing was focused on the key assumptions in the board-approved three year forecasts and we corroborated the assumptions to supporting evidence which included both internal and external sources of evidence. In addition, we assessed the appropriateness and impact of the specific growth assumptions applied by management for the period after the year three forecast but before a long term growth rate is applied (typically year ten). Management has included certain key assumptions relating to climate change. These include restricting the useful economic life applied in modelling Heavy Duty Catalysts to 2040 (2023: 2040) and the application of a negative growth rate from 2033 (2023: 2033). Working with our valuation experts, we have considered external market outlooks and information on emission legislation to corroborate these assumptions. We engaged our valuations experts to assess the long term growth rate and discount rate for each CGU by comparison with third party information and past performance. Our procedures also included considering the overall level of risk in the future cash flow projections. We tested the mathematical integrity of the forecasts and of the value in use model, audited the allocation of central costs to the CGUs and agreed the carrying values in management's impairment models to underlying accounting records. We assessed management's sensitivity analysis and performed our own independent sensitivity analysis which was more severe than management's to assess whether a reasonable downside change in the key assumptions could give rise to a material impairment. We consider the disclosures with respect of goodwill, including the associated sensitivities, to be appropriate. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Claims, uncertainties and other provisions (group and parent) Refer to the Significant issues considered by the Audit Committee and notes 1, 22, 32, 36 and 47 to the financial statements. This risk covers warranty provisions, product liability issues and other litigation matters across the group. There is inherent judgement and estimation involved in determining when and how much to provide for claims and uncertainties. Due to the complex nature of the products offered by Johnson Matthey, the group at any point in time may be exposed to liability issues including claims for damages or compensation. The assumptions underpinning these claims and the identification of when such claims arise are inherently judgemental. Careful consideration needs to be given as to how the claim and any potential exposure are estimated and subsequently accounted for. The group is also involved in various legal proceedings, including actual or threatened litigation and regulatory investigations. The number and nature of claims vary from year to year; note 32 discloses the major matters in the year. The most significant is the contingent liability arising following the sale of the Health Business in May 2022. The group discloses such risks as contingent liabilities where it is unable to make a reliable estimate of potential exposures or where it believes a material outflow is possible but not probable. If the group is unable to successfully defend against such claims, these risks could give rise to a future liability.	For litigation matters, we read the summary of major litigation matters provided by management and held discussions with group and sector level general counsel. For new matters with potential exposure above £1 million, we obtained and reviewed correspondence with external legal counsel, including any particulars of claim. We have circularised external legal counsel to independently assess legal exposures and the expected outcome for new and material cases across the group. We reviewed board minutes and made inquiries of management to address the risk of undisclosed claims and uncertainties. We performed audit procedures to identify all third party legal counsel used by management and as appropriate included them in our circularisation. We applied professional scepticism in auditing both the likely outcome and quantification of exposures, including performing audit procedures over claims management determined to be immaterial and being sceptical of where a constructive obligation existed but management considered a reliable estimate could not be made. As we deemed it to be necessary, we also instructed third party legal experts to support an independent assessment of possible outcomes of claims. Where settlements have occurred, we have agreed these to settlement agreements between the company and the claimant. We have assessed the level of provisioning and contingent liability disclosures, where relevant, in response to known claims. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured across five sectors: Clean Air, PGM Services, Catalyst Technologies, Hydrogen Technologies and Value Businesses, as well as the central Corporate unit.

The financial statements are a consolidation of approximately 236 business units. We have identified each individual business unit, or a series of business units where they map to a single legal statutory entity, as a component. These components comprise the group's operating businesses and holding companies across the five sectors and corporate.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having considered the relative significance of each entity to the group, locations with significant inherent risks and the overall coverage obtained over each material line item in the consolidated financial statements.

We identified 17 business units which, in our view, required an audit of their complete financial information, due to size or risk characteristics.

In addition to the business units in full scope, we performed specified procedures at 15 business units covering revenue, trade and other receivables and deferred income, cash, inventory, metal inventory, accruals, fixed assets and depreciation, cost of sales and operating expenses and we tested manual journal entries. This ensured that appropriate audit procedures were performed to achieve sufficient coverage over these financial statement line items.

The total 32 in-scope business units are located in numerous countries around the world. We used local teams in these countries to perform the relevant audit procedures. Of these, five business units have been determined to be financially significant based on their contribution to the group. These financially significant component teams are located in the UK, North Macedonia and the United States.

The group consolidation, financial statement disclosures and corporate functions were audited by the group audit team. This included our work over the consolidation, litigation provisions, centrally recognised tax balances, goodwill, post-retirement benefits, earnings per share and treasury related balances. This scope of work, together with additional procedures performed at the group level, accounted for 84% of group revenue and 62% of group underlying profit before taxation from continuing operations. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the group level, including disaggregated analytical review procedures, which covers certain of the group's smaller and lower risk components that were not directly included in our group audit scope. Our audit of the Parent Company Financial Statements was undertaken by the Group audit team and included substantive procedures over all material balances and transactions.

The impact of climate risk on our audit

Climate change is expected to present both risks and opportunities for the group. As explained in the Sustainability section of the Strategic Report, the group has plans towards a Net Zero pathway by 2040. Management's climate change initiatives and commitments will impact the group in a variety of ways. While the group has started to quantify some of the impacts that may arise on its net zero pathway, the future financial impacts are clearly uncertain given the medium to long term horizon. Disclosure of the impact of climate change risk based on management's current assessment is incorporated in the Task Force on climate related financial disclosures ('TCFD') section of the Annual Report.

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate change on the group's business and the financial statements, including reviewing management's climate change risk assessment which was prepared with support from an external expert. Using our knowledge of the business, we challenged the completeness of management's risk assessment. This included reading CDP submissions made by the Group and its competitors to ensure appropriate consistency with the judgements and disclosures reflected in the Financial Statements.

We assessed that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on future cash flows. As a result, we particularly considered how climate change risks and the impact of climate commitments made by the group would impact the assumptions made in the forecasts prepared by management that are used in the group's impairment analysis (see also key audit matter on Carrying value of goodwill) and for going concern purposes. We challenged how management had considered longer term physical risks such as severe weather related impacts, and shorter-term transitional risks such as the introduction of carbon taxes. Our procedures did not identify any material impact on our audit for the year ended 31 March 2024. We also checked the consistency of the disclosures in the TCFD section of the Annual Report with the relevant financial statement disclosures, including note 1 and the going concern section of the accounting policies, and with our understanding of the business and knowledge obtained in the audit.

We confirmed with management and the Audit Committee that the estimated financial impacts of climate change will be reassessed prospectively and our expectation is that climate change disclosures will evolve as the understanding of the actual and potential impacts on the group's future operations is established with greater certainty.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements – group	Financial statements – company
Overall materiality	£20.1 million (2023: £21.1 million).	£70.6 million (2023: £60 million).
How we determined it	approximately 5% of the three year profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment, amortisation of acquired intangibles and restructuring charges ("underlying profit before tax")	approximately 1% of total assets. However, materiality is capped at £19.5 million (2023: £20 million) for the purpose of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component
Rationale for benchmark applied	Underlying profit before tax from continuing operations is used as the materiality benchmark. Management uses this measure as it believes that it reflects the underlying performance of the group and this is how the directors and key management personnel are measured on their performance.	We considered total assets to be an appropriate benchmark for the parent company given that, while it does include trading businesses, it is the ultimate holding company, incurs corporate costs and enters into financing on behalf of the group. The parent company is also a component of the group audit. The materiality level was capped at £19.5 million given overall group materiality for the purposes of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.4 million and £19.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £15.1 million (2023: £15.8 million) for the group financial statements and £14.6 million (2023: £15 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (group audit) (2023: £1 million) and £1 million (company audit) (2023: £1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's base case and downside case scenarios, understanding and evaluating the key assumptions, including assumptions related to inflation and other macro-economic factors;
- Validation that the cash flow forecasts used to support management's impairment, going concern and viability assessments were consistent;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Consideration of the group's available financing and debt maturity profile;
- Testing of the mathematical integrity of management's liquidity headroom, covenant compliance, sensitivity analysis and stress testing calculations;
- Assessment of the reasonableness of management's planned or potential mitigating actions; and
- Reviewing the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Annual Report and Accounts, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental legislation, health and safety regulations (EHS) and anti bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in making accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Independent auditors' report to the members of Johnson Matthey Plc continued

Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, internal audit and the group's legal advisors, and the head of ethics and compliance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the minutes of board meetings and the Ethics Committee, and assessment of "SpeakUp" matters through the ethics reporting line and the results of management's investigation into these matters;
- Reviewing financial statement disclosures to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging management's significant judgements and estimates in particular those relating to the carrying value of goodwill, post-employment benefits, refining processes and stocktakes, metal accounting and provisions and contingent liabilities;
- Identifying and testing manual journal entries, in particular any journal entries posted with unusual account combinations, and all material consolidation journals;
- Incorporating unpredictable procedures into our audit approach including varying the timing and nature of testing performed; and
- Considering the outcome of key transactions in the year and assessing the appropriateness of related accounting and disclosure within the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2018 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 March 2019 to 31 March 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

22nd May 2024

Consolidated Income Statement

for the year ended 31st March 2024

	Notes	2024 £m	2023 £m
Revenue	2,3	**12,843**	14,933
Cost of sales		**(11,916)**	(13,939)
Gross profit		**927**	994
Distribution costs		**(119)**	(117)
Administrative expenses		**(398)**	(412)
(Loss) / profit on disposal of businesses	27	**(9)**	12
Amortisation of acquired intangibles	4	**(4)**	(5)
Gains and losses on significant legal proceedings	4	**–**	(25)
Major impairment and restructuring charges	4,6	**(148)**	(41)
Operating profit	2,4	**249**	406
Finance costs	8	**(146)**	(110)
Investment income	8	**64**	49
Share of losses of associates	15	**(3)**	(1)
Profit before tax from continuing operations		**164**	344
Tax expense	9	**(56)**	(80)
Profit for the year from continuing operations		**108**	264
Profit after tax from discontinued operations		**–**	12
Profit for the year		**108**	276

		pence	pence
Earnings per ordinary share			
Basic	10	**58.6**	150.9
Diluted	10	**58.3**	150.2
Earnings per ordinary share from continuing operations			
Basic	10	**58.6**	144.2
Diluted	10	**58.3**	143.6

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Total Comprehensive Income

for the year ended 31st March 2024

	Notes	2024 £m	2023 £m
Profit for the year		**108**	276
Other comprehensive (expense) / income			
Items that will not be reclassified to the income statement in subsequent years			
Remeasurements of post-employment benefit assets and liabilities	24	**(68)**	(149)
Fair value losses on equity investments at fair value through other comprehensive income		**(7)**	(12)
Tax on items that will not be reclassified to the income statement[1]		**18**	37
Total items that will not be reclassified to the income statement		**(57)**	(124)
Items that may be reclassified to the income statement			
Exchange differences on translation of foreign operations	25	**(79)**	33
Exchange differences on translation of discontinued foreign operations		**–**	(32)
Amounts (charged) / credited to hedging reserve	25	**(1)**	114
Fair value gains / (losses) on net investment hedges		**4**	(10)
Tax on above items taken directly to or transferred from equity[2]		**1**	(28)
Total items that may be reclassified to the income statement (in subsequent years)		**(75)**	77
Other comprehensive expense for the year		**(132)**	(47)
Total comprehensive (expense) / income for the year		**(24)**	229
Total comprehensive (expense) / income for the year arises from:			
Continuing operations		**(24)**	249
Discontinued operations		**–**	(20)
		(24)	229

1. The tax credit on other comprehensive income that will not be reclassified to the income statement of £18 million (2023: £37 million) relates to remeasurements of post-employment benefit assets and liabilities.
2. The tax credit on other comprehensive income that may be reclassified to the income statement of £1 million (2023: £28 million charge) relates to tax on amounts (charged) / credited to hedging reserve.

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Financial Position

as at 31st March 2024

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	11	**1,436**	1,332
Right-of-use assets	12	**40**	49
Goodwill	13	**353**	364
Other intangible assets	14	**301**	287
Investments in associates	15	**71**	75
Investments at fair value through other comprehensive income	29	**40**	49
Other receivables	17	**104**	113
Interest rate swaps		**15**	20
Other financial assets	18	**34**	48
Deferred tax assets	23	**128**	121
Post-employment benefit net assets	24	**153**	203
Total non-current assets		**2,675**	2,661
Current assets			
Inventories	16	**1,211**	1,702
Taxation recoverable		**10**	12
Trade and other receivables	17	**1,718**	1,882
Cash and cash equivalents		**542**	650
Other financial assets	18	**53**	47
Assets classified as held for sale	26	**127**	75
Total current assets		**3,661**	4,368
Total assets		**6,336**	7,029

	Notes	2024 £m	2023 £m
Liabilities			
Current liabilities			
Trade and other payables	19	**(2,209)**	(2,497)
Lease liabilities	12	**(8)**	(9)
Taxation liabilities		**(75)**	(105)
Cash and cash equivalents - bank overdrafts		**(12)**	(13)
Borrowings and related swaps	20	**(110)**	(155)
Other financial liabilities	18	**(11)**	(27)
Provisions	22	**(63)**	(63)
Liabilities classified as held for sale	26	**(35)**	(25)
Total current liabilities		**(2,523)**	(2,894)
Non-current liabilities			
Borrowings and related swaps	20	**(1,339)**	(1,460)
Lease liabilities	12	**(24)**	(31)
Deferred tax liabilities	23	**(2)**	(19)
Interest rate swaps		**(10)**	(15)
Employee benefit obligations	24	**(39)**	(41)
Provisions	22	**(17)**	(28)
Trade and other payables	19	**(2)**	(2)
Total non-current liabilities		**(1,433)**	(1,596)
Total liabilities		**(3,956)**	(4,490)
Net assets		**2,380**	2,539
Equity			
Share capital	25	**215**	215
Share premium		**148**	148
Treasury shares		**(17)**	(19)
Other reserves	25	**36**	118
Retained earnings		**1,998**	2,077
Total equity		**2,380**	2,539

The accounts were approved by the Board of Directors on 22nd May 2024 and signed on its behalf by:

L Condon Directors

S Oxley

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Cash Flows

for the year ended 31st March 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Profit before tax from continuing operations		**164**	344
Profit before tax from discontinued operations		**–**	5
Adjustments for:			
Share of losses of associates		**3**	1
Profit on disposal of businesses		**–**	(23)
Depreciation		**144**	151
Amortisation		**48**	36
Impairment losses		**70**	27
Profit on sale of non-current assets		**(2)**	(6)
Share-based payments		**5**	7
Decrease / (increase) in inventories		**396**	(139)
Decrease / (increase) in receivables		**89**	(102)
Decrease in payables		**(288)**	(4)
(Decrease) / increase in provisions		**(7)**	7
Contributions in excess of employee benefit obligations charge		**(10)**	(21)
Changes in fair value of financial instruments		**(10)**	22
Net finance costs		**82**	61
Income tax paid		**(92)**	(75)
Net cash inflow from operating activities		**592**	291
Cash flows from investing activities			
Interest received		**62**	28
Purchases of property, plant and equipment		**(301)**	(253)
Purchases of intangible assets		**(67)**	(63)
Purchases of investments held at fair value through other comprehensive income		**–**	(17)
Government grant income received		**5**	7
Proceeds from sale of non-current assets		**5**	8
Proceeds from sale of investment in joint ventures		**–**	2
Proceeds from sale of businesses		**41**	187
Net cash outflow from investing activities		**(255)**	(101)

	Notes	2024 £m	2023 £m
Cash flows from financing activities			
Purchase of treasury shares		**–**	(45)
Proceeds from borrowings		**1**	672
Repayment of borrowings		**(151)**	(281)
Dividends paid to equity shareholders	25	**(141)**	(141)
Interest paid		**(137)**	(94)
Principal element of lease payments		**(11)**	(14)
Net cash (outflow) / inflow from financing activities		**(439)**	97
Change in cash and cash equivalents		**(102)**	287
Exchange differences on cash and cash equivalents		**(5)**	4
Cash and cash equivalents at beginning of year		**637**	346
Cash and cash equivalents at end of year		**530**	637
Cash and deposits		**208**	129
Money market funds		**334**	521
Bank overdrafts		**(12)**	(13)
Cash and cash equivalents		**530**	637

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Changes in Equity

for the year ended 31st March 2024

	Share capital £m	Share premium account £m	Treasury shares £m	Other reserves (note 25) £m	Retained earnings £m	Total equity £m
At 1st April 2022	218	148	(24)	50	2,049	2,441
Profit for the year	–	–	–	–	276	276
Remeasurements of post-employment benefit assets and liabilities	–	–	–	–	(149)	(149)
Fair value losses on investments at fair value through other comprehensive income	–	–	–	(12)	–	(12)
Exchange differences on translation of foreign operations	–	–	–	1	–	1
Amounts credited to hedging reserve	–	–	–	114	–	114
Fair value losses on net investment hedges taken to equity	–	–	–	(10)	–	(10)
Tax on other comprehensive income	–	–	–	(28)	37	9
Total comprehensive income	–	–	–	65	164	229
Dividends paid (note 25)	–	–	–	–	(141)	(141)
Purchase of treasury shares (note 25)	(3)	–	–	3	(1)	(1)
Share-based payments	–	–	–	–	18	18
Cost of shares transferred to employees	–	–	5	–	(14)	(9)
Tax on share-based payments	–	–	–	–	2	2
At 31st March 2023	215	148	(19)	118	2,077	2,539
Profit for the year	**–**	**–**	**–**	**–**	**108**	**108**
Remeasurements of post-employment benefit assets and liabilities	**–**	**–**	**–**	**–**	**(68)**	**(68)**
Fair value losses on investments at fair value through other comprehensive income	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(79)**	**–**	**(79)**
Amounts charged to hedging reserve	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Fair value gains on net investment hedges taken to equity	**–**	**–**	**–**	**4**	**–**	**4**
Tax on other comprehensive income	**–**	**–**	**–**	**1**	**18**	**19**
Total comprehensive (expense) / income	**–**	**–**	**–**	**(82)**	**58**	**(24)**
Dividends paid (note 25)	**–**	**–**	**–**	**–**	**(141)**	**(141)**
Share-based payments	**–**	**–**	**–**	**–**	**17**	**17**
Cost of shares transferred to employees	**–**	**–**	**2**	**–**	**(13)**	**(11)**
At 31st March 2024	**215**	**148**	**(17)**	**36**	**1,998**	**2,380**

The notes on pages 149-209 form an integral part of the accounts.

Guide to financial statement disclosures

for the year ended 31st March 2024

Notes on the Accounts

for the year ended 31st March 2024

1 Accounting policies

The Company and the Group

Johnson Matthey plc (the 'Company') is a public company limited by shares incorporated under the Companies Act 2006 and domiciled in England in the United Kingdom. The consolidated accounts of the company for the year ended 31st March 2024 consist of the audited consolidation of the accounts of the Company and its subsidiaries (together referred to as the 'Group'), together with the employee share ownership trust and the group's interest in joint ventures and associates.

Basis of accounting and preparation – group

The financial statements of the group have been prepared 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 accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained below.

The group accounts comprise the accounts of the parent company and its subsidiaries, including the employee share ownership trust, and include the group's interest in joint ventures and associates. Entities the group controls are accounted for as subsidiaries. Entities that are joint ventures or associates are accounted for using the equity method of accounting. Transactions and balances between group companies are eliminated. Profit recognised on transactions between group companies is eliminated on consolidation.

The results of businesses acquired or disposed of in the year are consolidated from or up to the effective date of acquisition or disposal, respectively. The net assets of businesses acquired are recognised in the consolidated accounts at their fair values at the date of acquisition.

Going concern

The directors have reviewed a range of scenario forecasts for the group and have reasonable expectation that there are no material uncertainties that cast doubt about the group's ability to continue operating for at least twelve months from the date of approving these annual accounts.

As at 31st March 2024, the group maintains a strong balance sheet with around £1.5 billion of available cash and undrawn committed facilities. Free cash flow was strong in the year at £189 million and net debt reduced by £72 million. Net debt at 31st March 2024 was £951 million at 1.6 times net debt (including post tax pension deficits) to underlying EBITDA which was at the lower end of our target range.

Although impacted by the significant headwinds faced in the current macroeconomic environment such as low metal prices and continued soft economic outlook across major economies, the group's performance during the period was resilient, both in terms of underlying operating profit and cash flow. For the purposes of assessing going concern, we have revisited our financial projections using the latest budget for our base case scenario. The base case scenario was stress tested to a severe-but-plausible downside case which reflects severe recession scenarios.

The severe-but-plausible case for Clean Air modelled scenarios assuming a smaller light duty vehicle market from reduced vehicle production and/or market consumer demand disruption or greater share of zero emission vehicles in market, assumed to result in a 10% drop in sales. For PGMS and Catalyst Technologies, it also assumed a reduction in sales and associated operating profit based on adverse scenarios using external and internal market insights.

Additionally, as part of viability testing, the group considered scenarios including the impact from metal price volatility, delays in capital projects and delivery of cost transformation savings, and slow down of operations in China. Whilst the combined impact would reduce profitability and EBITDA against our latest budget, our balance sheet remains strong with ample working capital and Net Debt/EBITDA ratios.

The group has a robust funding position comprising a range of long-term debt and a £1 billion five year committed revolving credit facility maturing in March 2027 which was entirely undrawn at 31st March 2024. There was £334 million of cash held in money market funds and £208 million of other cash and bank deposits. Of the existing loans, £271 million of term debt and £40 million of other bank loans mature in the period to June 2025. Currently, the group is in the process of refinancing around £310m of term debt with a US Private Placement issuance. We assume no refinancing of this debt in our going concern modelling. As a long time, highly rated issuer in the US private placement market, the group expects to be able to access additional funding in its existing markets if required but the going concern conclusion is not dependent on such access as the company has sufficient financing and liquidity to fund its obligations in the base and severe-but-plausible scenarios. The group also has a number of additional sources of funding available including uncommitted metal lease facilities that support precious metal funding. Whilst we would fully expect to be able to utilise the metal lease facilities, they are excluded from our going concern modelling.

Conclusion

Under all scenarios above, the group has sufficient headroom against committed facilities and key financial covenants are not in breach during the going concern period. To give further assurance on liquidity, we have also undertaken a reverse stress test to identify what additional or alternative scenarios and circumstances would threaten our current financing arrangements. This shows that we have headroom against either a further decline in profitability well beyond the severe-but-plausible scenario, or a significant increase in borrowings, or a significant increase in interest charges. Furthermore, the group has other mitigating actions available which it could utilise to protect headroom including retaining the full expected proceeds from divestment of Medical Device Components, reducing capital expenditure, renegotiating payment terms or reducing future dividends distributions.

1 Accounting policies (continued)

The directors are therefore of the opinion that the group has adequate resources to fund its operations for the period of at least twelve months following the date of these financial statements and there are no material uncertainties relating to going concern so determine that it is appropriate to prepare the accounts on a going concern basis.

Material accounting policies

The group's and parent company's accounting policies have been applied consistently during the current and prior year, other than where new policies have been adopted (see below). The group's and parent company's material accounting policies are as follows:

Foreign currencies

Foreign currency transactions are recorded in the functional currency of the relevant subsidiary, joint venture, associate or branch at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into the relevant functional currency at the exchange rate at the balance sheet date.

Income statements and cash flows of overseas subsidiaries, joint ventures, associates and branches are translated into sterling at the average rates for the year. Balance sheets of overseas subsidiaries, joint ventures, associates and branches, including any fair value adjustments and related goodwill, are translated into sterling at the exchange rates at the balance sheet date.

Exchange differences arising on the translation of the net investment in overseas subsidiaries, joint ventures, associates and branches, less exchange differences arising on related foreign currency financial instruments which hedge the group's net investment in these operations, are taken to other comprehensive income. On disposal of the net investment, the cumulative exchange difference is reclassified from equity to operating profit.

Other exchange differences are recognised in operating profit.

Revenue

Revenue represents income derived from contracts for the provision of goods and services by the parent company and its subsidiaries to customers in exchange for consideration in the ordinary course of the group's activities.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

The group typically sells licences to its intellectual property together with other goods and services and, since these licences are not generally distinct in the context of the contract, revenue recognition is considered at the level of the performance obligation of which the licence forms part. Revenue in respect of performance obligations containing bundles of goods and services in which a licence with a sales or usage-based royalty is the predominant item is recognised when sales or usage occur.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as trade discounts, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. Many of the group's and parent company's products and services are bespoke in nature and, therefore, stand-alone selling prices are estimated based on cost plus margin or by reference to market data for similar products and services.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligation within a contract, the group and parent company determine whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the group's and parent company's performance as they perform;
- the group's and parent company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the group's and parent company's performance does not create an asset with an alternative use to the group and parent company and they have an enforceable right to payment for performance completed to date.

→ For more detail of our revenue recognition policy see note 3.

In the event that the group and parent company enter into bill-and-hold transactions at the specific request of customers, revenue is recognised when the goods are ready for transfer to the customer and when the group and parent company are no longer capable of directing those goods to another use.

Revenue includes sales of precious metal to customers and the precious metal content of products sold to customers.

Linked contracts under which the group and parent company sell or buy precious metal and commit to repurchase or sell the metal in the future are accounted for as finance transactions and no revenue is recognised in respect of the sale leg.

1 Accounting policies (continued)

No revenue is recognised by the group or parent company in respect of non-monetary exchanges of precious metal on the basis that the counterparties are in the same line of business.

Consideration payable to customers

Consideration payable to customers in advance of the recognition of revenue in respect of the goods and services to which it relates is capitalised and recognised as a deduction to the revenue recognised upon transfer of the goods and services to the customer.

Costs to fulfil a contract

Contract fulfilment costs in respect of over time contracts are expensed as incurred. Contract fulfilment costs in respect of point in time contracts are accounted for under IAS 2, *Inventories*.

Contract receivables

Contract receivables represent amounts for which the group and parent company have a conditional right to consideration in respect of unbilled revenue recognised at the balance sheet date.

Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Finance costs and investment income

Finance costs that are directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Other finance costs and finance income are recognised in the income statement in the year incurred. Finance costs and finance income include the forward point movements from FX Swap contracts (i.e. the interest rate differential between currencies specified in a FX Swap contract). Other finance costs and finance income are recognised in the income statement in the year incurred.

Research and development

Research expenditure is charged to the income statement in the year incurred. Development expenditure is charged to the income statement in the year incurred unless it meets the recognition criteria for capitalisation. When the recognition criteria have been met, any further development expenditure is capitalised as an intangible asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provisions for impairment. Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset over its useful life and is recognised within administrative expenses. Certain buildings and plant and equipment are depreciated using the units of production method as this more closely reflects their expected consumption. All other assets are depreciated using the straight-line method. The useful lives vary according to the class of the asset, but are typically:

- buildings – not exceeding 30 years; and
- plant and machinery – 4 to 10 years.
- land is not depreciated.

The expected lives of property, plant and equipment tends to be short to medium term, as such the physical risk posed by climate change in the long term is low.

Impairment

The group and parent company reviews the carrying amounts of its non-financial assets regularly to determine whether there is any indication of impairment. Goodwill is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. If any such indication of impairment exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In estimating value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU) for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised as an expense immediately whenever the carrying amount of a non-financial asset or the CGU to which it belongs exceeds its recoverable amount. Impairment losses for goodwill are not reversable in subsequent reporting periods. Where an impairment loss subsequently reverses for a finite lived non-financial asset, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income when identified.

Goodwill and other intangible assets

Goodwill arises on the acquisition of a business when the fair value of the consideration exceeds the fair value attributed to the net assets acquired (including contingent liabilities). It is subject to annual impairment reviews. Acquisition-related costs are charged to the income statement as incurred. The group and parent company have taken advantage of the exemption allowed under IFRS 1 and, therefore, goodwill arising on acquisitions made before 1st April 2004 is included at the carrying amount at that date less any subsequent impairments.

Other intangible assets are stated at cost less accumulated amortisation and any provisions for impairment. Customer contracts are amortised when the relevant income stream occurs. All other intangible assets are amortised by using the straight-line method over the useful lives from the time they are first available for use. Amortisation is recognised within administrative expenses. The estimated useful lives vary according to the specific asset, but are typically:

- customer contracts and relationships – 1 to 15 years;
- capitalised computer software – 3 to 8 years;
- patents, trademarks and licences – 3 to 20 years, for perpetual software licences the estimated useful is 4 to 7 years;
- acquired research and technology – 4 to 10 years; and
- capitalised development currently being amortised – 3 to 8 years.

Intangible assets which are not yet being amortised are subject to annual impairment reviews.

1 Accounting policies (continued)

Investments in associates

Associates are entities over which the group exercises significant influence when it has the power to participate in the financial and operating policy decisions of the entity but it does not have the power to control or jointly control the entity.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Thereafter the investments are adjusted to recognise the group's share of the post-acquisition profits or losses after tax of the investee in the income statement, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The carrying value of the investments are reviewed for impairment triggers on a regular basis.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the group does not recognise further losses unless it has incurred obligations to do so.

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in these associates.

Leases

Leases are recognised as a right-of-use asset, together with a corresponding lease liability, at the date at which the leased asset is available for use.

The right-of-use asset is initially measured at cost, which comprises the initial value of the lease liability, lease payments made (net of any incentives received from the lessor) before the commencement of the lease, initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term in operating profit.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, where this rate is not determinable, the group's incremental borrowing rate, which is the interest rate the group would have to pay to borrow the amount necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Interest is charged to finance costs at a constant rate of interest on the outstanding lease liability over the lease term.

Payments in respect of short-term leases, low-value leases and precious metal leases are charged to the income statement on a straight-line basis over the lease term in operating profit.

The group leases precious metals to fund temporary peaks in metal requirements provided market conditions allow. These leases are from banks for specified periods (less than 12 months) and the group pays a fee which is expensed on a straight-line basis over the lease term in finance costs. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. Precious metal leases do not fall under the scope of IFRS 16.

Inventories

Precious metal

Inventories of gold, silver and platinum group metals are valued according to the source from which the metal is obtained. Metal which has been purchased and committed to future sales to customers is valued at the price at which it is contractually committed, adjusted for unexpired contango and backwardation. Other precious metal inventories owned by the group, which are unhedged, are valued at the lower of cost and net realisable value using the weighted average cost formula.

Other

Non-precious metal inventories are valued at the lower of cost, including attributable overheads, and net realisable value. Except where costs are specifically identified, the first-in, first-out cost formula is used to value inventories.

Cash and cash equivalents

Cash and deposits comprise cash at bank and in hand and short-term deposits with a maturity date of three months or less from the date of acquisition. Money market funds comprise investments in funds that are subject to an insignificant risk of changes in fair value. The group and parent company routinely use short-term bank overdraft facilities, which are repayable on demand, as an integral part of their cash management policies and, therefore, cash and cash equivalents include cash and deposits, money market funds and bank overdrafts. Offset arrangements across group businesses have been applied to arrive at the net cash and overdraft figures.

Financial instruments

Investments and other financial assets

The group and parent company classify their financial assets in the following measurement categories:

- those measured at fair value either through other comprehensive income or through profit or loss; and
- those measured at amortised cost.

At initial recognition, the group and parent company measure financial assets at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

The group and parent company subsequently measure equity investments at fair value and have elected to present fair value gains and losses on equity investments in other comprehensive income. There is, therefore, no subsequent reclassification of cumulative fair value gains and losses to profit or loss following disposal of the investments.

1 Accounting policies (continued)

The group and parent company subsequently measure trade and other receivables and contract receivables at amortised cost, with the exception of trade receivables that have been designated as at fair value through other comprehensive income because the group has certain operations with business models to hold trade receivables for collection or sale. All other financial assets, including short-term receivables, are measured at amortised cost less any impairment provision.

For the impairment of trade and contract receivables, the group and parent company apply the simplified approach permitted by IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition.

Derivative financial instruments

The group and parent company use derivative financial instruments, in particular forward currency contracts, currency swaps, interest rate swaps and commodity derivatives to manage the financial risks associated with their underlying business activities and the financing of those activities. The group and parent company do not undertake any speculative trading activity in derivative financial instruments.

Derivative financial instruments are measured at their fair value. Derivative financial instruments may be designated at inception as fair value hedges, cash flow hedges or net investment hedges if appropriate. For currency swaps designated as instruments in cash flow or net investment hedging relationships, the impact from currency basis spreads is included in the hedge relationship and may be a source of ineffectiveness recognised in the income statement.

Derivative financial instruments which are not designated as hedging instruments are classified as at fair value through profit or loss, but are used to manage financial risk. Changes in the fair value of any derivative financial instruments that are not designated as, or are not determined to be, effective hedges are recognised immediately in the income statement. The vast majority of forward precious metal price contracts are entered into and held for the receipt or delivery of precious metal and, therefore, are not recorded at fair value.

Cash flow hedges

Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in the income statement immediately. If the hedged item results in the recognition of a non-financial asset or liability, the amount previously recognised in other comprehensive income is transferred out of equity and included in the initial carrying amount of the asset or liability. Otherwise, the amount previously recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item is recognised in the income statement. If the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs. If a forecast transaction is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the income statement. If a forward precious metal price contract will be settled net in cash, it is designated and accounted for as a cash flow hedge.

Fair value hedges

Changes in the fair value of derivative financial instruments designated as fair value hedges are recognised in the income statement, together with the related changes in the fair value of the hedged asset or liability. Fair value hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting.

Net investment hedges

For hedges of net investments in foreign operations, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are reclassified from equity to the income statement when the foreign operations are sold or liquidated.

Financial liabilities

Borrowings are measured at amortised cost. Those borrowings designated as being in fair value hedge relationships are remeasured for the fair value changes in respect of the hedged risk with these changes recognised in the income statement. All other financial liabilities, including short-term payables, are measured at amortised cost.

Precious metal sale and repurchase agreements

The group and parent company undertake linked contracts to sell or buy precious metal and commit to repurchase or sell the metal in the future. An asset representing the metal which the group and parent company have committed to sell or a liability representing the obligation to repurchase the metal are recognised in trade and other receivables or trade and other payables, respectively.

Taxation

Current and deferred tax are recognised in the income statement, except when they relate to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. It is provided using the tax rates that are expected to apply in the period when the asset or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries and branches where the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

1 Accounting policies (continued)

Provisions and contingencies

Provisions are recognised when the group has a present obligation as a result of a past event and a reliable estimate can be made of a probable adverse outcome, for example warranties, environmental claims and restructuring. Otherwise, material contingent liabilities are disclosed unless the probability of the transfer of economic benefits is remote. Contingent assets are only recognised if an inflow of economic benefits is virtually certain.

Share-based payments and treasury shares

The fair value of shares awarded to employees under the performance share plan, restricted share plan, long term incentive plan and deferred bonus plan is calculated by adjusting the share price on the date of allocation for the present value of the expected dividends that will not be received. The resulting cost is charged to the income statement over the relevant performance periods, adjusted to reflect actual and expected levels of vesting where appropriate.

The group and parent company provide finance to the employee share ownership trust (ESOT) to purchase company shares in the open market. Costs of running the ESOT are charged to the income statement. The cost of shares held by the ESOT is deducted in arriving at equity until they vest unconditionally with employees.

Post-employment benefits

The costs of defined contribution plans are charged to the income statement as they fall due.

For defined benefit plans, the group and parent company recognise the net assets or liabilities of the plans in their balance sheets. Assets are measured at their fair value at the balance sheet date. Liabilities are measured at present value using the projected unit credit method and a discount rate reflecting yields on high quality corporate bonds. The changes in plan assets and liabilities, based on actuarial advice, are recognised as follows:

- The current service cost is deducted in arriving at operating profit.
- The net interest cost, based on the discount rate at the beginning of the year, contributions paid in and the present value of the net defined benefit liabilities during the year, is included in finance costs.
- Past service costs and curtailment gains and losses are recognised in operating profit at the earlier of when the plan amendment or curtailment occurs and when any related restructuring costs or termination benefits are recognised.
- Gains or losses arising from settlements are included in operating profit when the settlement occurs.
- Remeasurements, representing returns on plan assets, excluding amounts included in interest, and actuarial gains and losses arising from changes in financial and demographic assumptions, are recognised in other comprehensive income.

Assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale, if available for sale in its present condition and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately on the Balance Sheet. The assets are not depreciated or amortised while they are classified as held for sale.

An impairment loss is recognised in the Income Statement for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset or disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

A discontinued operation is a component of the group's business that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. The results of discontinued operations are presented separately in the Income Statement. When an operation is classified as a discontinued operation, the comparative Income Statement and Statement of Total Comprehensive Income is restated as if the operation had been discontinued from the start of the comparative year.

Sources of estimation uncertainty

Determining the carrying amounts of certain assets and liabilities at the balance sheet date requires estimation of the effects of uncertain future events. In the event that actual outcomes differ from those estimated, there may be an adjustment to the carrying amounts of those assets and liabilities within the next financial year. Other significant risks of material adjustment are the valuation of the liabilities of the defined benefit pension plans and tax provisions. The group and parent company have considered the refining process and stocktakes, deferred tax assets and climate change and, whilst not deemed to represent a significant risk of material adjustment to the group's and parent company's financial position during the year ending 31st March 2024, represent important accounting estimates.

Goodwill, other intangibles and other assets

The group and parent company have significant intangible assets from both business acquisitions and investments in new products and technologies. Some of those acquisitions and investments are at an early stage of commercial development and, therefore, carry a greater risk that they will not be commercially viable. Goodwill and intangible assets not yet ready for use are not amortised but are subject to annual impairment reviews. Other intangible assets are amortised from the time they are first ready for use and, together with other assets, are assessed for impairment when there is a triggering event that provides evidence that they are impaired.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

The impairment reviews require the use of estimates of future profit and cash generation based on financial budgets and plans approved by management, generally covering a three-year period and then extrapolated using long term growth rates, and the pre-tax discount rates used in discounting projected cash flows, see note 5.

The Directors have determined that there is significant accounting judgement with respect to the estimated cash flows in assessing the value in use of the Hydrogen Technologies CGU given the slower pace of hydrogen and fuel cell market development. Refer to note 5 for information about the key assumptions applied in the value in use calculation.

Post-employment benefits

The group's and parent company's defined benefit plans are assessed annually by qualified independent actuaries. The estimate of the liabilities of the plans is based on a number of actuarial assumptions.

There is a range of possible values for each actuarial assumption and the point within that range is estimated to most appropriately reflect the group's and parent company's circumstances. Small changes in these assumptions can have a significant impact on the estimate of the liabilities of the plans. A description of those discount rate and inflation assumptions, together with sensitivity analysis, is set out in note 24 to the group and parent company accounts.

Tax provisions

Tax provisions are determined based on the tax laws and regulations that apply in each of the jurisdictions in which the group operates. Tax provisions are recognised where the impact of those laws and regulations is unclear and it is probable that there will be a tax adjustment representing a future outflow of funds to a tax authority or a consequent adjustment to the carrying value of a tax asset.

Provisions are measured using the best estimate of the most likely amount, being the most likely amount in a range of possible outcomes. The resolution of tax positions taken by the group can take a considerable period of time to conclude and, in some cases, it is difficult to predict the outcome. Group current income tax liabilities at 31st March 2024 of £77 million (2023: £106 million) include tax provisions of £64 million (2023: £97 million) and the estimation of the range of possible outcomes is an increase in those liabilities by £72 million (2023: £66 million) to a decrease of £54 million (2023: £55 million). The estimates made reflect where the group faces routine tax audits or is in ongoing disputes with tax authorities; has identified potential tax exposures relating to transfer pricing; or is contesting the tax deductibility of certain business costs.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilised, based on management's assumptions relating to future taxable profits.

Determination of future taxable profits requires application of judgement and estimates, including: market share, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on management's expectations of future changes in the markets using external sources of information where appropriate. The estimates take account of the inherent uncertainties, constraining the expected level of profit as appropriate. Changes in these estimates will affect future profits and therefore the recoverability of the deferred tax assets.

Refining process and stocktakes

The group's and parent company's refining businesses process significant quantities of precious metal and there are uncertainties regarding the actual amount of metal in the refining system at any one time. The group's refining businesses process over four million ounces of platinum group metals per annum with a market value of around £5 billion. The majority of metal processed is owned by customers and the group and parent company must return pre-agreed quantities of refined metal based on assays of starting materials and other contractual arrangements, such as the timing of the return of metal. The group and parent company calculate the profits or losses of their refining operations based on estimates, including the extent to which process losses are expected during refining. The risk of process losses or stocktake gains depends on the nature of the starting material being refined, the specific refining processes applied, the efficiency of those processes and the contractual arrangements.

Stocktakes are performed to determine the volume and value of metal within the refining system compared with the calculated estimates, with the variance being a profit or a loss. Stocktakes are, therefore, a key control in the assessment of the accuracy of the profit or loss of refining operations. Whilst refining is a complex, large-scale industrial process, the group and parent company have appropriate processes and controls over the movement of material in their refineries.

Climate change

The impact of climate change presented in the group's Strategic Report (see pages 53 to 61) and the stated net zero targets have been considered in preparing the group accounts.

The following considerations were made:

- Impact on the going concern period and viability of the group over the next three years. The latest forecasts reflect the continuous investment in sustainable technologies including commercialisation of our products used in green hydrogen production and higher performance fuel cell components for a range of automotive, non-automotive and stationary applications.

The potential impact of climate change on a number of areas within the financial statements has been considered, including:

- The forecasts of cash flows used in impairment assessments for the carrying value of non-current assets including goodwill (see note 5).
- When considering the recoverability of deferred tax assets, the taxable profit forecasts are based on the same information used to support the going concern and impairment assessments.
- The expected lives of fixed assets and their exposure to the physical risk posed by climate change.

The expected lives of property, plant and equipment tends to be short to medium term, as such the physical risk posed by climate change in the long term is low.

1 Accounting policies (continued)

Judgements made in applying accounting policies

Metal

The group and parent company use precious metal owned by customers in their production processes. It has been determined that this metal is not controlled by the group or parent company and, therefore, it is not recognised on the balance sheet.

The group and parent company manage precious metal inventories by entering into physically settled forward sales and purchases of metal positions in line with a well-established hedging policy. The own use exemption has been adopted for these transactions and, therefore, the group and parent company do not fair value such physically settled contracts.

The group undertakes linked contracts to sell or buy precious metal and commits to repurchase or sell the metal in the future to manage inventory levels. Accordingly, cash flows in respect of sale and repurchase agreements are shown as cash flows from operating activities in the cash flow statement rather than cash flows from financing activities.

Provisions and contingent liabilities

The group is involved in various disputes and claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, employee matters and tax audits. The group is also involved from time to time in the course of its business in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. Judgement is required to determine if an outflow of economic resources is probable, or possible but not probable for such events. Where it is probable, a liability is recognised and further judgement is used to determine the amount of the provision. Where it is possible but not probable, further judgement is used to determine if the likelihood is remote, in which case no disclosures are provided; if the likelihood is not remote then a contingent liability is disclosed. Provisions and contingent liabilities are set out in notes 22 and 32, respectively.

In the course of preparing the accounts, no other judgements have been made in the process of applying the group's and parent company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the accounts.

Changes in accounting policies

Amendments to accounting standards

The International Accounting Standards Board (IASB) has issued the following amendments, which have been endorsed by the UK Endorsement Board, for annual periods beginning on or after 1st January 2023:

- Amendments to IFRS 17, *Insurance Contracts*;
- Amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

These changes have not had a material impact on the group.

On the 19th July 2023, the UK endorsed the amendments to IAS 12 *Income Taxes*, issued by the International Accounting Standards Board on 23rd May 2023, which grants companies a temporary exemption from applying IAS 12 to the International Tax Reform: Pillar Two Model Rules. The group has adopted the amendments to IAS 12 and applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Refer to note 9 for further details.

The following are accounting standards to be adopted by the group in future reporting periods; they have not yet been endorsed by the UK Endorsement Board:

- IFRS 18, *Presentation and Disclosure in Financial Statements*, published by the IASB on 9th April 2024 and effective for accounting periods commencing 1st January 2027; and
- IFRS 19, *Subsidiaries without Public Accountability*, published by the IASB on 9th May 2024 and effective for accounting periods commencing 1st January 2027.

The group will assess the impact of these new accounting standards in due course following endorsement by the UK Endorsement Board.

The group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective. The group does not expect these amendments to have a material impact on the group.

The list of amendments considered in relation to the above are as follows:

- Amendments to IAS 1, *Classification of liabilities as current and non-current and non-current liabilities with covenants*;
- Amendments to IFRS 16, *Lease liability in a sale and leaseback*;
- Amendments to IAS 7 and IFRS 7, *Supplier finance arrangements*; and
- Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*

Non-GAAP measures

The group uses various measures to manage its business which are not defined by generally accepted accounting principles (GAAP). The group's management believes these measures provide valuable additional information to users of the accounts in understanding the group's performance. The group's non-GAAP measures are defined and reconciled to GAAP measures in note 34.

Notes on the Accounts for the year ended 31st March 2024 continued

2 Segmental information

Revenue, sales and underlying operating profit by business

Clean Air – provides catalysts for emission control after-treatment systems used in light and heavy duty vehicles powered by internal combustion engines.

PGM Services – enables the energy transition through providing circular solutions as demand for scarce critical materials increases. Provides a strategic service to the group, supporting the other segments with security of metal supply, and manufactures value add PGM products.

Catalyst Technologies – enables the decarbonisation of chemical and fuel value chains.

Hydrogen Technologies – provides catalyst coated membranes that are a critical component for fuel cells and electrolysers.

Value Businesses – a portfolio of businesses managed to drive shareholder value from activities considered to be non-core to JM. This includes Battery Systems (sold on 30th April 2024), Battery Materials Poland (sold on 31st December 2023), Medical Device Components (sale agreed on 20th March 2024) and Diagnostic Services (sold on 29th September 2023 - refer to note 27 for further information on the disposal of Diagnostic Services). Battery Materials UK and Battery Materials Canada were sold on 26th May 2022 and 1st November 2022 respectively and are included within the prior period balances.

The Group Leadership Team (the chief operating decision maker as defined by IFRS 8, *Operating Segments*) monitors the results of these operating businesses to assess performance and make decisions about the allocation of resources. Each operating business is represented by a member of the Group Leadership Team. These operating businesses represent the group's reportable segments and their principal activities are described on pages 29 to 33. The performance of the group's operating businesses is assessed on sales and underlying operating profit (see note 34). Sales between segments are made at market prices, taking into account the volumes involved.

Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Eliminations £m	Total £m
Revenue from external customers	5,219	6,490	634	85	415	–	–	12,843
Inter-segment revenue	8	2,432	19	1	–	–	(2,460)	–
Revenue	5,227	8,922	653	86	415	–	(2,460)	12,843
External sales	2,573	374	560	71	326	–	–	3,904
Inter-segment sales	8	88	18	–	–	–	(114)	–
Sales[1]	2,581	462	578	71	326	–	(114)	3,904
Underlying operating profit / (loss)[1]	274	164	75	(50)	29	(82)	–	410

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Eliminations £m	Total £m
Revenue from external customers	6,273	7,360	673	62	565	–	–	14,933
Inter-segment revenue	–	3,227	14	–	–	–	(3,241)	–
Revenue	6,273	10,587	687	62	565	–	(3,241)	14,933
External sales	2,644	485	547	55	470	–	–	4,201
Inter-segment sales	–	85	13	–	–	–	(98)	–
Sales[1]	2,644	570	560	55	470	–	(98)	4,201
Underlying operating profit / (loss)[1]	230	257	51	(45)	40	(68)	–	465

1. Sales and underlying operating profit are non-GAAP measures (see note 34). Sales excludes the sale of precious metals. Underlying operating profit excludes profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles and major impairment and restructuring charges.

Notes on the Accounts for the year ended 31st March 2024 continued

2 Segmental information (continued)

Reconciliation from underlying operating profit to operating profit by business

Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Underlying operating profit / (loss)[1]	**274**	**164**	**75**	**(50)**	**29**	**(82)**	**410**
Loss on disposal of businesses (note 27)	**(4)**	**–**	**–**	**–**	**(5)**	**–**	**(9)**
Amortisation of acquired intangibles	**(1)**	**–**	**(3)**	**–**	**–**	**–**	**(4)**
Major impairment and restructuring charges (note 6)	**(32)**	**(15)**	**(2)**	**(10)**	**(53)**	**(36)**	**(148)**
Operating profit / (loss)	**237**	**149**	**70**	**(60)**	**(29)**	**(118)**	**249**

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Underlying operating profit / (loss)[1]	230	257	51	(45)	40	(68)	465
Profit on disposal of businesses	–	–	–	–	12	–	12
Amortisation of acquired intangibles	(1)	–	(4)	–	–	–	(5)
Loss on significant legal proceedings	(25)	–	–	–	–	–	(25)
Major impairment and restructuring charges	(13)	–	(4)	(1)	(14)	(9)	(41)
Operating profit / (loss)	191	257	43	(46)	38	(77)	406

1. Underlying operating profit is a non-GAAP measures (see note 34). Underlying operating profit excludes profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles and major impairment and restructuring charges.

Notes on the Accounts for the year ended 31st March 2024 continued

2 Segmental information (continued)

Other segmental information

Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Segmental net assets	**1,351**	**38**	**718**	**271**	**178**	**449**	**3,005**
Net debt (note 34)							**(946)**
Post-employment benefit net assets and liabilities							**114**
Deferred tax net assets							**126**
Provisions and non-current other payables							**(82)**
Investments in associates (note 15)							**71**
Net assets held for sale (note 26)							**92**
Net assets							**2,380**
Property, plant and equipment	**52**	**116**	**50**	**87**	**9**	**11**	**325**
Intangible assets	**3**	**4**	**12**	**9**	**–**	**37**	**65**
Capital expenditure	**55**	**120**	**62**	**96**	**9**	**48**	**390**
Depreciation	**70**	**27**	**23**	**3**	**8**	**13**	**144**
Amortisation	**4**	**3**	**5**	**–**	**–**	**36**	**48**
Impairment losses and reversals (notes 5 and 6)	**(2)**	**(12)**	**–**	**(6)**	**(50)**	**–**	**(70)**
Total	**72**	**18**	**28**	**(3)**	**(42)**	**49**	**122**

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Segmental net assets	1,784	(2)	680	114	175	515	3,266
Net debt							(1,023)
Post-employment benefit net assets and liabilities							162
Deferred tax net assets							102
Provisions and non-current other payables							(93)
Investments in associates (note 15)							75
Net assets held for sale (note 26)							50
Net assets							2,539
Property, plant and equipment	70	73	28	44	13	14	242
Intangible assets	11	6	14	2	–	28	61
Capital expenditure	81	79	42	46	13	42	303
Depreciation	74	24	26	4	10	13	151
Amortisation	2	2	5	–	–	27	36
Impairment losses notes 5 and 6	(4)	2	–	–	12	3	13
Total	72	28	31	4	22	43	200

Refer to note 3 for further required disclosures per IFRS 8, *Operating Segments*.

3 Revenue

Products and services

The group's principal products and services by operating business and sub-business are disclosed in the table below, together with information regarding performance obligations and revenue recognition. Revenue is recognised by the group as contractual performance obligations to customers are completed.

Sub-business	Primary industry	Principal products and services	Performance obligations	Revenue recognition
Clean Air				
Light Duty Catalysts	Automotive	Catalysts for cars and other light duty vehicles	Point in time	On despatch or delivery
Heavy Duty Catalysts	Automotive	Catalysts for trucks, buses and non-road equipment	Point in time	On despatch or delivery
PGM Services				
Platinum Group Metal Services	Various	Platinum Group Metal refining and recycling services	Over time	Based on output
		Platinum Group Metal trading	Point in time	On receipt of payment
		Other precious metal products	Point in time	On despatch or delivery
		Platinum Group Metal chemical, industrial products and catalysts	Point in time	On despatch or delivery
Catalyst Technologies				
Catalysts	Chemicals / oil and gas	Speciality catalysts and additives	Point in time	On despatch or delivery
Licensing	Chemicals / oil and gas	Process technology licences	Over time	Based on costs incurred or straight-line over the licence term[1]
		Engineering design services	Over time	Based on costs incurred
Hydrogen Technologies				
Fuel Cells technologies	Various	Fuel cell catalyst coated membrane	Point in time	On despatch or delivery
Electrolysis technology	Various	Electrolyser catalyst coated membrane	Point in time	On despatch or delivery
Value Businesses				
Other Markets (excluding Diagnostic Services)	Various	Precious metal pastes and enamels, battery systems and products found in devices used in medical procedures	Point in time	On despatch or delivery
Diagnostic Services	Oil and gas	Detection, diagnostic and measurement solutions	Over time	Based on costs incurred

1. Revenue recognition depends on whether the licence is distinct in the context of the contract.

Metal revenue: Metal revenue relates to the sales of precious metals to customers, either in pure form or contained within a product. Metal revenue arises in each of the reportable segments in the group. Metal revenue is affected by fluctuations in the market prices of precious metals and, in many cases, the value of precious metals is passed directly on to customers. Given the high value of these metals this makes up a significant proportion of revenue.

3 Revenue (continued)

Revenue judgements

Over time revenue

Over time revenue recognition predominantly occurs in Catalyst Technologies and PGM Services (Refining Services), see criteria for over time recognition as defined by the group's accounting policies in note 1.

Refining Services

The majority of the metal processed by the group and parent company's refining businesses is owned by customers and, therefore, revenue is recognised over time on the basis that the group and parent company are providing a service to enhance an asset controlled by the customer. The customer controls the metal throughout the refining process, the key indicators being legal ownership, metal price risk and that the customer has the right to claim the equivalent metal at all stages of processing.

The performance obligation contained in all refining contracts is a service arrangement to refine customer metal to a specified quality and volume by a certain date. For a contract that has multiple metals, the refinement of each metal is a separate performance obligation. We receive the contracted cash fee which is set with reference to market price at the start of the contract. Upon delivery of the refined metal to the customer, the percentage of the refined metal that we may retain at settlement is considered to be a non-cash consideration and is recognised as part of revenue at fair value.

Revenue from refining services is recognised using an output method by estimating the progress of the metal in the refining process. Once the customer metal is in the refining process it is commingled with metal from other customers and it is not separately identifiable. Because we have a consistent volume of metal flowing through the refinery process, we estimate that all of the metal in the refinery is on average 50% of the way through the process. We therefore recognise up to 50% of the revenue (cash service fee and non-cash consideration) for our services when metal enters the refining process. Since refining each type of metal is a separate performance obligation, once we have returned the metal to the customer, we recognise the remaining 50% of revenue for that particular metal while other metal may still be due to the same customer.

Where refinery stocktakes indicate that metal recoveries have been lower than anticipated and/or allowed for in process loss provisioning, refined metal gain revenue is reduced accordingly. Where refinery stocktakes indicate that metal recoveries have been higher than anticipated, any incremental refining metal gain revenue is only recognised once it is highly probable that a reversal in the amount of cumulative revenue recognised will not occur and the metal has been sold.

Revenue from external customers by principal products and services

Year ended 31st March 2024

	Continuing operations					
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Total £m
Metal	2,646	6,116	74	14	89	8,939
Heavy Duty Catalysts	953	–	–	–	–	953
Light Duty Catalysts	1,620	–	–	–	–	1,620
Catalysts	–	–	500	–	–	500
Licensing	–	–	60	–	–	60
Platinum Group Metal Services	–	374	–	–	–	374
Fuel Cells	–	–	–	71	–	71
Battery Systems	–	–	–	–	194	194
Diagnostic Services	–	–	–	–	37	37
Medical Device Components	–	–	–	–	91	91
Other	–	–	–	–	4	4
Revenue	5,219	6,490	634	85	415	12,843

Notes on the Accounts for the year ended 31st March 2024 continued

3 Revenue (continued)

Revenue from external customers by principal products and services (continued)

Year ended 31st March 2023

	Continuing operations					
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Total £m
Metal	3,629	6,875	126	7	95	10,732
Heavy Duty Catalysts	970	–	–	–	–	970
Light Duty Catalysts	1,674	–	–	–	–	1,674
Catalyst Technologies	–	–	547	–	–	547
Platinum Group Metal Services	–	485	–	–	–	485
Fuel Cells	–	–	–	55	–	55
Battery Systems	–	–	–	–	284	284
Diagnostic Services	–	–	–	–	71	71
Medical Device Components	–	–	–	–	93	93
Other	–	–	–	–	22	22
Revenue	6,273	7,360	673	62	565	14,933

Revenue from external customers by point in time and over time performance obligations

Year ended 31st March 2024

	Continuing operations					
	Clean Air £m	**PGM Services £m**	**Catalyst Technologies £m**	**Hydrogen Technologies £m**	**Value Businesses £m**	**Total £m**
Revenue recognised at a point in time	**5,219**	**6,307**	**518**	**85**	**387**	**12,516**
Revenue recognised over time	**–**	**183**	**116**	**–**	**28**	**327**
Revenue	**5,219**	**6,490**	**634**	**85**	**415**	**12,843**

Year ended 31st March 2023

	Continuing operations					
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Total £m
Revenue recognised at a point in time	6,273	7,096	555	62	534	14,520
Revenue recognised over time	–	264	118	–	31	413
Revenue	6,273	7,360	673	62	565	14,933

Notes on the Accounts for the year ended 31st March 2024 continued

3 Revenue (continued)

Geographical analysis of revenue from external customers and non-current assets

The group's country of domicile is the UK. Revenue from external customers based on the customer's location and non-current assets based on the location of the assets are disclosed below.

	Revenue from external customers		Non-current assets	
	2024 £m	2023 £m	**2024 £m**	2023 £m
UK	**3,697**	3,630	**1,094**	852
Germany	**1,280**	1,256	**227**	239
Rest of Europe	**1,424**	1,875	**306**	326
USA	**2,468**	2,779	**368**	451
Rest of North America	**686**	612	**27**	34
China (including Hong Kong)	**1,375**	1,649	**178**	201
Rest of Asia	**1,429**	2,287	**137**	147
Rest of World	**484**	845	**2**	18
			2,339	2,268
Investments at fair value through other comprehensive income			**40**	49
Interest rate swaps			**15**	20
Deferred tax assets			**128**	121
Post-employment benefit net assets			**153**	203
Total	**12,843**	14,933	**2,675**	2,661

Major customers

The group received £1.4 billion of revenue from one external customer in the Clean Air business which represents more than 10% of the group's revenue from external customers during the year ended 31st March 2024 (2023: £1.6 billion of revenue from one external customer in the Clean Air business).

Unsatisfied performance obligations

At 31st March 2024, for contracts that had an original expected duration of more than one year, the group had unsatisfied performance obligations of £550 million (2023 restated: £961 million), representing contractually committed revenue to be recognised at a future date. Of this amount, £321 million (2023 restated: £487 million) is expected to be recognised within one year and £229 million (2023 restated: £474 million) is expected to be recognised after one year.

During the year we identified a prior period error in the calculation of the unsatisfied performance obligations. This solely impacts the disclosure note above and has resulted in a decrease of £6 million in the unsatisfied performance obligations disclosure, split between an increase of £93 million in the less than one year amount, offset by a decrease of £99 million in the greater than one year amount.

Payment terms

The group and parent company supply goods and services on payment terms that are consistent with those standard across the industry and it does not have any customer contracts with a material financing component. Where revenue is recognised over time, payment terms are generally consistent with the timeframe over which revenue is recognised.

4 Operating profit

Operating profit from continuing operations is arrived at after charging / (crediting):

	2024 £m	2023 £m
Research and development expenditure charged to the income statement	**204**	213
Less: External funding received from governments	**(26)**	(19)
Net research and development expenditure charged to the income statement	**178**	194
Inventories recognised as an expense	**10,962**	12,962
Write-down of inventories recognised as an expense	**38**	39
Reversal of write-down of inventories from increases in net realisable value	**(36)**	(19)
Net losses / (gains) on foreign exchange	**3**	(11)
Net (gains) / losses on foreign currency forwards at fair value through profit or loss	**–**	19
Past service credit	**–**	(20)
Depreciation of:		
Property, plant and equipment	**134**	137
Right-of-use assets	**10**	14
Depreciation	**144**	151
Amortisation of:		
Internally generated intangible assets	**1**	1
Acquired intangibles	**4**	5
Other intangible assets	**43**	30
Amortisation	**48**	36
Gains and losses on significant legal proceedings	**–**	25
Loss / (profit) on disposal of businesses (note 27)	**9**	(12)
Impairment losses included in administrative expenses	**–**	3
Impairment losses (note 5)	**–**	3
Impairment losses and reversals included in major impairment and restructuring charges	**70**	10
Restructuring charges included in major impairment and restructuring charges	**78**	31
Major impairment and restructuring charges (note 6)	**148**	41

4 Operating profit (continued)

Gains and losses on significant legal proceedings

During the prior year, the group paid £25 million in respect of a settlement with a customer on mutually acceptable terms with no admission of fault relating to failures in certain engine systems for which the group supplied a particular coated substrate as a component for that customer's emissions after-treatment systems.

	2024 £m	2023 £m
Fees payable to the company's auditor and its associates for:		
The audit of the company accounts	**2.7**	2.4
The audit of the accounts of the company's subsidiaries	**2.4**	2.4
Total audit fees	**5.1**	4.8
Audit-related assurance services	**0.4**	0.4
Total non-audit fees	**0.4**	0.4
Total fees payable to the company's auditor and its associates	**5.5**	5.2

No audit fees were paid to other auditors (2023: £nil).

Audit-related assurance services predominantly comprise of reviews of interim financial information.

5 Impairment losses

Impairment testing

The group and parent company test goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). The recoverable amounts of the CGUs are determined using value in use calculations which generally use extrapolated cash flow projections based on financial budgets and plans covering a three-year period approved by management. The budgets and plans are based on a number of assumptions, including market share, impact of carbon pricing, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on past experience and management's expectations of future changes in the markets using external sources of information where appropriate. We also considered how climate change will affect the future cash flows of the CGUs based on internal and external expert guidance.

In addition, we review the carrying amounts of the group's and parent company's non-financial assets, including property, plant and equipment to determine whether any indications of impairment exist. Where an indication exits, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs.

Impairment loss

During the year ended 31st March 2024, following our review for impairment triggers, no impairment loss (2023: £3 million related to property, plant and equipment) has been recognised in the group income statement within underlying operating profit. However impairment losses of £70 million (2023: £10 million) have been recognised by the group in major impairments and restructuring (see note 6).

Hydrogen and fuel cell market

The carrying amount of the Hydrogen Technologies CGU comprising attributable net assets of £196 million of which, £138 million relates to property, plant and equipment, was tested for impairment at 31st March 2024 following an indicator that the recent slower pace of hydrogen and fuel cell market development required a formal review for possible impairment. No balance of goodwill is allocated to the Hydrogen Technologies CGU. The recoverability of the carrying amount of the Hydrogen Technologies CGU has been assessed against its estimated value in use at the reporting period end date applying the key assumptions detailed below. Following this review, management has determined that no impairment is required.

In estimating value in use, the year-one cash flows include the additional investment expected to be incurred before certain assets under construction that support the group's expansion plans for hydrogen technology are ready for use. Whilst the assumptions applied in the Hydrogen Technologies assessment for years four to ten assume growth in the business based on a compound annual growth rate kept broadly flat in the outer years, they also reflect a reduced level of demand in hydrogen fuel cells and electrolyser market in the global energy transition. This is a key area of management judgement which has been considered in the context of the group's leading technological position in the market for fuel cells and electrolysers but also recognising the industry challenges around scale up given the global value chain is in an early stage of development. Our assessment over this period has therefore considered: i) manufacturing capacity in existing plants where we expect to maintain volumes consistent with near term forecasts to meet customer demand; and ii) the expected manufacturing capacity following completion of certain assets under construction which is aligned to meet the expected growth in customer demand over the four to ten year period as the market develops, as is currently expected. After this period, growth is estimated to be in line with a long-term growth rate of 3.0%. Should the market not develop as expected or meet the overall market scale forecast by management, then this could give rise to an impairment in future periods.

The estimated recoverable amount of the Hydrogen Technologies GCU exceeds its carrying amount using a pre-tax discount rate of 13.0% which is derived from the group's post-tax weighted average cost of capital of 8.9% and adjusted for the risks applicable to the CGU. If the discount rate and long-term growth rate key assumptions were changed to 17.4% and (12.0)% respectively, this would, in isolation, lead to an impairment.

Notes on the Accounts for the year ended 31st March 2024 continued

5 Impairment losses (continued)

Goodwill

Significant CGUs

Goodwill arising on the acquisition of businesses is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. These CGUs represent the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill allocated to the significant CGUs is as follows:

	Group 2024 £m	Group 2023 £m
Clean Air		
• Heavy Duty Catalysts	**84**	87
Catalyst Technologies	**264**	268
Other[1,2]	**5**	9
Total carrying amount at 31st March (note 13)	**353**	364

1. Battery Systems Poland goodwill has been impaired by £6 million. Refer to note 26 for further information.
2. Other is comprised of CGUs with goodwill balances individually less than £5 million.

Key assumptions used in value in use

Unallocated corporate costs are split between CGUs based on their share of contribution. The three-year cash flows are extrapolated using the long term average growth rates for the relevant products, industries and countries in which the CGUs operate.

The expected economic life of the Heavy Duty Catalysts has been restricted to 2040 reflecting internal climate change targets and impact of legislation changes. In the medium term, growth will come from tightening emissions legislation driving demand for more sophisticated catalyst systems. Beyond the medium term, the world will increasingly use alternatives to the internal combustion engine which is reflected in the long-term decline rate used in our modelling.

Pre-tax discount rates, derived from the group's post-tax weighted average cost of capital of 8.9% (2023: 8.0%), adjusted for the risks applicable to each CGU are used to discount these projected risk-adjusted cash flows.

The key assumptions are:

	Discount rate 2024	Discount rate 2023	Long term growth rate 2024	Long term growth rate 2023
Clean Air				
• Heavy Duty Catalysts	**13.8%**	12.1%	**-11.5%**	-10.5%
Catalyst Technologies	**11.1%**	10.8%	**3.0%**	3.0%

Different long term growth rates are used for the Clean Air - Heavy Duty Catalysts CGU because of expected macroeconomic trends in the industry in which the business operates. The growth rate for years four to ten is expected to be -3.9% (2023: 2.2%). After that, growth is expected to decline further and, therefore, the long term growth rate above is used for year eleven onwards.

Sensitivity analysis

The headroom for the significant CGUs, calculated as the difference between net assets including allocated goodwill at 31st March 2024 and the value in use calculations, is shown below. The table also shows, for each significant CGU, the headroom assuming a 1% decrease in the growth rate assumption and a 1% increase in the discount rate assumption used in the value in use calculations.

	Headroom as at 31st March 2024 £m	Headroom assuming a 1% decrease in the growth rate £m	Headroom assuming a 1% increase in the discount rate £m
Clean Air			
• Heavy Duty Catalysts	**356**	**333**	**319**
Catalyst Technologies	**253**	**136**	**129**

A reduction in the Heavy Duty Catalysts CGU's expected economic life by one year reduces headroom by approximately £12 million from £356 million. We don't expect an impairment in the near term in Clean Air despite the declining long-term assumptions.

A reduction in operating margin of 1% in the Catalyst Technologies CGU in each of the future years, with no mitigating actions taken, reduces headroom by approximately £123 million from £253 million.

Notes on the Accounts for the year ended 31st March 2024 continued

6 Major impairment and restructuring charges

The below amounts are excluded from the underlying operating profit of the group for continuing operations.

	2024 £m	2023 £m
Property, plant and equipment	22	17
Right-of-use assets	1	–
Goodwill	6	4
Other intangible assets	–	3
Inventories	29	(8)
Trade and other receivables	12	(6)
Impairment losses and reversals	**70**	10
Restructuring charges	**78**	31
Total major impairment and restructuring charges	**148**	41

The £22 million impairment of Property, Plant and Equipment is inclusive of a £7 million impairment reversal (see note 26).

Major impairment and restructuring charges are shown separately on the face of the income statement and excluded from underlying operating profit (see note 34).

Major impairments – the group's net impairment charge of £70 million includes amounts incurred as we prepared for the disposal of our Value Businesses, of which £45 million relates to an impairment in Battery Systems (see note 26). The residual balance is predominantly comprised of £18 million recognised in relation to the recent slowdown in growth within the hydrogen and fuel cell market which required us to adapt to the changing demand profiles of our customers as they navigate this short-term uncertainty.

Major restructuring – the group's transformation programme was launched in May 2022 and was designed to drive increased competitiveness, improved execution capability and create financial headroom to facilitate further investment in high growth areas. Restructuring charges of £48 million have been recognised of which £32 million relates to Johnson Matthey Global Solutions and IT transformation, with the remainder other redundancy and implementation costs. The remaining £30 million charge is predominantly related to Clean Air's ongoing plant consolidation initiatives, of which the majority is redundancy and exit costs.

7 Employee information

Employee numbers

	2024	2023
Clean Air	5,283	5,668
PGM Services	2,022	1,839
Catalyst Technologies	1,773	1,623
Hydrogen Technologies	616	418
Value Businesses	1,119	1,363
Corporate[1]	1,442	1,590
Monthly average number of employees	**12,255**	12,501

1. The Corporate segment includes global functions serving our business units including procurement, HR, IT and shared service centres.

	2024 £m	2023 £m
Wages and salaries	596	604
Social security costs	64	70
Post-employment costs (note 24)	53	40
Share-based payments (note 30)	17	18
Termination benefits	16	1
Employee benefits expense from continuing operations	**746**	733

8 Investment income and financing costs

	2024 £m	2023 £m
Net loss on remeasurement of foreign currency swaps held at fair value through profit or loss	(14)	(20)
Interest payable on financial liabilities held at amortised cost and interest on related swaps	(81)	(55)
Interest payable on other liabilities[1]	(49)	(33)
Interest payable on lease liabilities	(2)	(2)
Total finance costs	**(146)**	(110)
Net gain on remeasurement of foreign currency swaps held at fair value through profit or loss	6	9
Interest receivable on financial assets held at amortised cost	13	11
Interest receivable on other assets[1]	38	21
Interest on post-employment benefits	7	8
Total investment income	**64**	49
Net finance costs from continuing operations	**(82)**	(61)

1. Interest payable and receivable on other liabilities and assets mainly comprises interest on precious metal leases and the amortisation of contango and backwardation on precious metal inventory and sale and repurchase agreements.

Notes on the Accounts for the year ended 31st March 2024 continued

9 Tax expense

	2024 £m	2023 £m
Current tax		
Corporation tax on profit for the year	89	95
Adjustment for prior years	(21)	1
Total current tax	68	96
Deferred tax		
Origination and reversal of temporary differences	(34)	(37)
Adjustment for prior years	22	14
Total deferred tax (note 23)	(12)	(23)
Tax expense	56	73

The tax expense can be reconciled to profit before tax in the income statement as follows:

	2024 £m	2023 £m
Profit before tax from continuing operations	164	344
Profit before tax from discontinued operations	–	5
Profit before tax	164	349
Tax expense at UK corporation tax rate of 25% (2023: 19%)	41	66
Effects of:		
Overseas tax rates	(17)	5
Expenses not deductible for tax purposes	34	5
Losses and other temporary differences not recognised	11	8
Recognition or utilisation of previously unrecognised tax assets	–	(7)
Adjustment for prior years	(1)	15
Patent box / Innovation box	(10)	(7)
Other tax incentives	(2)	(3)
Tax rate adjustments	–	(1)
Disposal of businesses	(2)	(13)
Irrecoverable withholding tax	–	10
Other	2	(5)
Tax expense	56	73
Tax expense from continuing operations	56	80
Tax credit from discontinued operations	–	(7)
Tax expense	56	73

Adjustments for prior years includes current and deferred tax adjustments in respect of India, Malaysia, Poland and the UK, as well as adjustments in respect of provisions for uncertain tax positions.

Other tax incentives includes research and development tax incentives in the UK, US and China.

Other movements mainly includes movements in respect of provisions for uncertain tax positions and non-taxable income.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the UK, as well as several other territories where the Group operates, and will come into effect in respect of the Group's next financial period (FY25).

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group will be liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ('GloBE') effective tax rate per jurisdiction and the 15% minimum rate. We have undertaken an assessment of the Group's potential to additional taxes under Pillar 2 based on the FY24 financial information and conclude that the Group meets the exemptions in the Transitional Country by Country Reporting ('CbCR') safe harbours in all tax jurisdictions in which it operates, except for Bermuda, Hong Kong, Macedonia, Mexico and Malaysia.

We continue to monitor potential impacts as further guidance is published, as territories implement legislation to enact the rules, and as territories increase their domestic Corporate Tax rate in response to the OECD Pillar 2 rules. Should the Transitional CbCR safe harbours not apply to any of the jurisdictions in which the Group operates in FY25, the Group's future ETR will be impacted with an additional current tax exposure. In the event the jurisdictions named above led to a Pillar 2 additional tax charge in FY25, the Group estimates that this could increase the Group's Underlying ETR by c.1-2%.

10 Earnings per ordinary share

Earnings per ordinary share have been calculated by dividing profit for the year by the weighted average number of shares in issue during the year.

	2024 pence	2023 pence
Earnings per share		
Basic	**58.6**	150.9
Diluted	**58.3**	150.2
Basic from continuing operations	**58.6**	144.2
Diluted from continuing operations	**58.3**	143.6

	2024	2023
Earnings (£ million)		
Basic and diluted earnings	**108**	276
Weighted average number of shares in issue		
Basic	**183,392,681**	183,012,301
Dilution for long-term incentive plans	**859,636**	851,432
Diluted	**184,252,317**	183,863,733

Presented earnings per ordinary share have been calculated using unrounded numbers.

11 Property, plant and equipment

Group

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost					
At 1st April 2022	570	27	2,055	304	2,956
Additions	1	–	24	217	242
Transferred to assets classified as held for sale	–	(1)	(41)	–	(42)
Transfers from assets in the course of construction	22	2	128	(152)	–
Disposals	(1)	(1)	(33)	(13)	(48)
Disposal of businesses	–	–	(10)	–	(10)
Exchange adjustments	7	1	28	4	40
At 31st March 2023	599	28	2,151	360	3,138
Additions	**2**	**–**	**39**	**284**	**325**
Transferred to assets classified as held for sale (note 26)	**–**	**(4)**	**(66)**	**(4)**	**(74)**
Transfers from assets in the course of construction	**12**	**1**	**102**	**(115)**	**–**
Disposals	**(1)**	**(2)**	**(27)**	**(5)**	**(35)**
Disposal of businesses (note 27)	**(1)**	**–**	**(4)**	**–**	**(5)**
Exchange adjustments	**(20)**	**–**	**(52)**	**(5)**	**(77)**
At 31st March 2024	**591**	**23**	**2,143**	**515**	**3,272**

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Accumulated depreciation and impairment					
At 1st April 2022	265	14	1,424	15	1,718
Charge for the year	17	1	119	–	137
Impairment losses (notes 5, 6 and 26)	–	–	8	4	12
Transferred to assets classified as held for sale	–	(1)	(31)	–	(32)
Disposals	(1)	–	(33)	(11)	(45)
Disposal of businesses	–	–	(8)	–	(8)
Exchange adjustments	3	1	20	–	24
At 31st March 2023	284	15	1,499	8	1,806
Charge for the year	**16**	**1**	**114**	**3**	**134**
Impairment losses (notes 5, 6 and 26)	**–**	**–**	**20**	**9**	**29**
Transferred to assets classified as held for sale (note 26)	**–**	**(2)**	**(47)**	**(3)**	**(52)**
Disposals	**(1)**	**(2)**	**(25)**	**(5)**	**(33)**
Disposal of businesses (note 27)	**(1)**	**–**	**(4)**	**–**	**(5)**
Exchange adjustments	**(8)**	**–**	**(35)**	**–**	**(43)**
At 31st March 2024	**290**	**12**	**1,522**	**12**	**1,836**
Carrying amount at 31st March 2024	**301**	**11**	**621**	**503**	**1,436**
Carrying amount at 31st March 2023	315	13	652	352	1,332
Carrying amount at 1st April 2022	305	13	631	289	1,238

Finance costs capitalised were £5 million (2023: £2 million) and the capitalisation rate used to determine the amount of finance costs eligible for capitalisation was 3.3% (2023: 4.0%).

During the year, the group recognised impairments of £29 million. This impairment charge is included in non-underlying expenses.

The assets transferred to held for sale relates to Medical Device Components (see note 26). Battery Materials Poland is not included as these were transferred to held for sale in the prior year. The assets presented within disposal of businesses relate to Johnson Matthey Catalyst LLC (see note 27). Diagnostic Services is not included as these were transferred to held for sale in the prior year.

During the prior year, the group recognised impairments of £12 million. The impairment charge is comprised of £3 million included in administrative expenses and a net £9 million charge included in non-underlying expenses.

Notes on the Accounts for the year ended 31st March 2024 continued

12 Leases

Leasing activities

The group leases some of their property, plant and equipment which are used by the group company in their operations.

Right-of-use assets

Group

	Land and buildings £m	Plant and machinery £m	Total £m
At 31st March 2023	44	5	49
New leases, remeasurements and modifications	**10**	**1**	**11**
Disposals	**(3)**	**–**	**(3)**
Depreciation charge for the year	**(8)**	**(2)**	**(10)**
Impairment losses (note 6, 27)	**(1)**	**–**	**(1)**
Transferred to held for sale (note 26)	**(4)**	**–**	**(4)**
Exchange adjustments	**(2)**	**–**	**(2)**
At 31st March 2024	**36**	**4**	**40**

Lease liabilities

	Group 2024 £m	Group 2023 £m
Current	**8**	9
Non-current	**24**	31
Total liabilities	**32**	40

	Group 2024 £m	Group 2023 £m
Interest expense	**2**	2

The weighted average incremental borrowing rate applied to the group's lease liabilities was 5.2% (2023: 4.4%).

A maturity analysis of lease liabilities is disclosed in note 28.

Other

	Group 2024 £m	Group 2023 £m
Total cash outflow for leases	**13**	16

The expense relating to low-value and short-term leases is immaterial.

13 Goodwill

	Group £m
Cost	
At 1st April 2022	573
Disposal of business	(148)
Exchange adjustments	6
At 31st March 2023	431
Transferred to assets classified as held for sale (note 26)	**(1)**
Exchange adjustments	**(4)**
At 31st March 2024	**426**
Accumulated impairment	
At 1st April 2022	207
Disposal of businesses	(144)
Impairment losses	4
At 31st March 2023	67
Impairment losses (notes 5, 6, 26)	**6**
At 31st March 2024	**73**
Carrying amount at 31st March 2024	**353**
Carrying amount at 31st March 2023	364
Carrying amount at 1st April 2022	366

During the year, the goodwill related to Battery Systems was fully impaired by £6 million to reflect the fair value less costs to sell of the business upon reclassification to assets as held for sale. Goodwill of £1 million attributed to the Medical Device Components sale has been transferred to assets classified as held for sale.

During the prior year, the Diagnostic Services goodwill was fully impaired by £4 million to reflect the fair value less costs to sell of the business upon reclassification to assets held for sale. The Health business was disposed during the prior year.

Notes on the Accounts for the year ended 31st March 2024 continued

14 Other intangible assets

Group

	Customer contracts and relationships £m	Computer software £m	Patents, Trademarks and licences £m	Acquired research and technology £m	Development expenditure £m	Total £m
Cost						
At 1st April 2022	132	419	47	37	135	770
Additions	–	59	2	–	–	61
Transferred to assets classified as held for sale	(1)	(1)	–	(1)	–	(3)
Disposals	(2)	(2)	(7)	–	–	(11)
Disposal of businesses	(13)	–	–	–	–	(13)
Exchange adjustments	–	–	1	1	–	2
At 31st March 2023	116	475	43	37	135	806
Additions	**–**	**64**	**1**	**–**	**–**	**65**
Transferred to assets classified as held for sale (note 26)	**(10)**	**(1)**	**–**	**(6)**	**–**	**(17)**
Disposals	**–**	**(1)**	**(11)**	**–**	**–**	**(12)**
Exchange adjustments	**(3)**	**(1)**	**(1)**	**(1)**	**(1)**	**(7)**
At 31st March 2024	**103**	**536**	**32**	**30**	**134**	**835**
Accumulated amortisation and impairment						
At 1st April 2022	112	178	44	36	133	503
Charge for the year	4	31	–	1	–	36
Impairment losses (notes 5, 6 and 26)	–	3	–	–	–	3
Transferred to assets classified as held for sale	(1)	(1)	–	(1)	–	(3)
Disposals	(2)	(2)	(6)	–	–	(10)
Disposal of businesses	(13)	–	–	–	–	(13)
Exchange adjustments	1	–	1	1	–	3
At 31st March 2023	101	209	39	37	133	519
Charge for the year	**2**	**45**	**–**	**–**	**1**	**48**
Transferred to assets classified as held for sale (note 26)	**(10)**	**(1)**	**–**	**(6)**	**–**	**(17)**
Disposals	**–**	**–**	**(11)**	**–**	**–**	**(11)**
Exchange adjustments	**(2)**	**(1)**	**–**	**(1)**	**(1)**	**(5)**
At 31st March 2024	**91**	**252**	**28**	**30**	**133**	**534**
Carrying amount at 31st March 2024	**12**	**284**	**4**	**–**	**1**	**301**
Carrying amount at 31st March 2023	15	266	4	–	2	287
Carrying amount at 1st April 2022	20	241	3	1	2	267

15 Investments in associates

	2024 £m	2023 £m
Investments in associates	**71**	75

The movements in the year were:

	Joint ventures £m	Associates £m
At 1st April 2022	2	–
Additions	–	75
Disposals	(2)	–
Group's share of loss for the year	–	(1)
Exchange adjustments	–	1
At 31st March 2023	–	75
Group's share of loss for the year	–	**(3)**
Exchange adjustments	–	**(1)**
At 31st March 2024	–	**71**

As part of the disposal of our Health business in the prior year, we received £75 million in the form of shares which constitutes an approximately 30% equity interest in the re-branded business, Veranova Parent Holdco L.P. ('Veranova'). The group has determined that it has significant influence and therefore has equity accounted this stake as an investment in associate.

The group has disclosed a contingent liability relating to this associate, see note 32. Financial information for Veranova for the year to 31st March 2024 is provided below, note Veranova's financial year end is 31st December. The information disclosed reflects the amounts presented in the financial statements of Veranova and not the group's share of those amounts.

	2024 £	2023 £m
Summarised balance sheet		
Non-current assets	93	159
Cash and cash equivalents	30	12
Other current assets	267	203
Current assets	297	215
Current liabilities	(155)	(71)
Non-current liabilities	(8)	(14)
Net assets	227	289
Summarised statement of comprehensive income		
Revenue	255	189
Depreciation and amortisation	(17)	(19)
Income tax expense	1	(2)
Loss for the year and total comprehensive income	(9)	(4)

Notes on the Accounts for the year ended 31st March 2024 continued

16 Inventories

	Group 2024 £m	2023 £m
Raw materials and consumables	**289**	359
Work in progress	**591**	1,047
Finished goods and goods for resale	**331**	296
Inventories	**1,211**	1,702

Work in progress includes £315 million (31st March 2023: £754 million) of precious metal which is committed to future sales to customers and valued at the price at which it is contractually committed.

Write-downs of inventories amounted to £38 million (2023: £39 million). These were recognised as an expense during the year ended 31st March 2024 and included in cost of sales in the income statement.

17 Trade and other receivables

	Group 2024 £m	2023 £m
Current		
Trade receivables	**964**	1,304
Contract receivables	**56**	70
Prepayments	**74**	83
Value added tax and other sales tax receivable	**121**	142
Advance payments to customers	**18**	10
Amounts receivable under precious metal sale and repurchase agreements[1]	**417**	222
Other receivables	**68**	51
Trade and other receivables	**1,718**	1,882
Non-current		
Value added tax and other sales tax receivable	**–**	3
Advance payments to customers	**44**	53
Other receivables	**60**	57
Other receivables	**104**	113

1. The fair value of the precious metal contracted to be sold by the group under sale and repurchase agreements is £398 million (2023: £215 million).

The group enters into factoring type arrangements in a small number of countries as part of normal business due to longer than standard payment terms, we seek to collect payments in the month following sale. As at 31st March 2024, the level of these arrangements was approximately £165 million (31st March 2023: approximately £250 million).

Trade receivables and contract receivables are net of expected credit losses (see note 28).

18 Other financial assets and liabilities

	Group 2024 £m	2023 £m
Non-current assets		
Forward foreign exchange contracts designated as cash flow hedges	**1**	–
Forward precious metal price contracts designated as cash flow hedges	**33**	48
Other financial assets	**34**	48
Current assets		
Forward foreign exchange contracts designated as cash flow hedges	**7**	11
Forward precious metal price contracts designated as cash flow hedges	**41**	30
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	**5**	6
Other financial assets	**53**	47
Current liabilities		
Forward foreign exchange contracts designated as cash flow hedges	**(5)**	(13)
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	**(4)**	(14)
Foreign exchange swaps designated as hedges of a net investment in foreign operations	**(2)**	–
Other financial liabilities	**(11)**	(27)

19 Trade and other payables

	Group 2024 £m	2023 £m
Current		
Trade payables	**655**	831
Contract liabilities	**177**	181
Accruals	**328**	338
Amounts payable under precious metal sale and repurchase agreements[1]	**844**	838
Other payables	**205**	309
Trade and other payables	**2,209**	2,497
Non-current		
Other payables	**2**	2
Trade and other payables	**2**	2

1. The fair value of the precious metal contracted to be repurchased by the group under sale and repurchase agreements is £797 million (2023: £802 million).

The amount of the contract liabilities balance at 31st March 2023 which was recognised in revenue during the year ended 31st March 2024 for the group company was £85 million (2023: £70 million).

20 Borrowings and related swaps

	Group 2024 £m	2023 £m
Non-current		
Bank and other loans		
3.57% £65 million Bonds 2024	**–**	(65)
3.565% $50 million KfW loan 2024	**–**	(40)
3.14% $130 million Bonds 2025	**(103)**	(105)
1.40% €77 million Bonds 2025	**(64)**	(61)
2.54% £45 million Bonds 2025	**(45)**	(45)
3.79% $130 million Bonds 2025	**(103)**	(105)
3.97% $120 million Bonds 2027	**(95)**	(97)
SONIA + 1.25% UKEF EDG £ Facility 2028	**(248)**	(248)
EURIBOR + 1.20% UKEF EDG € Facility 2028	**(153)**	(157)
3.39% $180 million Bonds 2028	**(142)**	(144)
1.81% €90 million Bonds 2028	**(71)**	(69)
2.77% £35 million Bonds 2029	**(35)**	(35)
3.00% $50 million Bonds 2029	**(40)**	(40)
4.10% $30 million Bonds 2030	**(24)**	(24)
2.92% €25 million Bonds 2030	**(21)**	(22)
1.90% €225 million Bonds 2032	**(192)**	(198)
Cross currency interest rate swaps designated as net investment hedges	**(3)**	(5)
Borrowings and related swaps	**(1,339)**	(1,460)
Current		
2.99% $165 million Bonds 2023	**–**	(133)
2.44% €20 million Bonds 2023	**–**	(18)
3.57% £65 million Bonds 2024	**(65)**	–
3.565% $50 million KfW loan 2024	**(40)**	–
Other bank loans	**(5)**	(4)
Borrowings and related swaps	**(110)**	(155)

The 1.40% €77 million Bonds 2025 and the 1.81% €90 million Bonds 2028 have been swapped into floating rate euros. $100 million of the 3.14% $130 million Bonds 2025 have been swapped into sterling at 2.83% and the 3.00% $50 million Bonds 2029 have been swapped into euros at 1.71%.

All borrowings bear interest at fixed rates with the exception of the UKEF EDG EUR and GBP facilities which bear interest at 6 Months EURIBOR plus 1.20% and SONIA plus 1.25% and bank overdrafts, which bear interest at commercial floating rates.

The margins on the UKEF EDG financing are impacted by the group's ability to meet targets around the reduction in its scope 1 and 2 emissions.

Notes on the Accounts for the year ended 31st March 2024 continued

21 Movements in assets and liabilities arising from financing activities

	2023 £m	Cash outflow £m	Non-cash movements: Transfers £m	Non-cash movements: Transfers to held for sale £m	Non-cash movements: Foreign exchange movements £m	Non-cash movements: Fair value and other movements £m	2024 £m
Non-current assets							
Interest rate swaps	20	**–**	**–**	**–**	**–**	**(5)**	**15**
Non-current liabilities							
Borrowings and related swaps	(1,460)	**–**	**105**	**–**	**16**	**–**	**(1,339)**
Interest rate swaps	(15)	**–**	**–**	**–**	**–**	**5**	**(10)**
Lease liabilities	(31)	**–**	**10**	**4**	**2**	**(9)**	**(24)**
Current liabilities							
Borrowings and related swaps	(155)	**150**	**(105)**	**–**	**–**	**–**	**(110)**
Lease liabilities	(9)	**11**	**(10)**	**1**	**–**	**(1)**	**(8)**
Net movements in assets and liabilities arising from financing activities	–	**161**	**–**	**5**	**18**	**(10)**	
Dividends paid to equity shareholders	–	**141**					
Interest paid	–	**137**					
Net cash outflow from financing activities	–	**439**					

	2022 £m	Cash (inflow) / outflow £m	Non-cash movements: Transfers £m	Non-cash movements: Transfers to held for sale £m	Non-cash movements: Foreign exchange movements £m	Non-cash movements: Fair value and other movements £m	2023 £m
Non-current assets							
Interest rate swaps	12	(1)	–	–	–	9	20
Non-current liabilities							
Borrowings and related swaps	(899)	(672)	149	–	(36)	(2)	(1,460)
Interest rate swaps	(2)	1	–	–	–	(14)	(15)
Lease liabilities	(40)	–	11	9	–	(11)	(31)
Current liabilities							
Borrowings and related swaps	(265)	281	(149)	–	(21)	(1)	(155)
Lease liabilities	(10)	14	(11)	1	–	(3)	(9)
Net movements in assets and liabilities arising from financing activities	–	(377)	–	10	(57)	(22)	
Dividends paid to equity shareholders	–	141					
Interest paid	–	94					
Purchase of treasury shares	–	45					
Net cash inflow from financing activities	–	(97)					

Notes on the Accounts for the year ended 31st March 2024 continued

22 Provisions

Group

	Restructuring provisions £m	Warranty and technology provisions £m	Other provisions £m	Total £m
At 1st April 2022	42	5	37	84
Charge for the year	25	10	8	43
Utilised	(28)	(1)	(1)	(30)
Released	(1)	(2)	(3)	(6)
At 31st March 2023	38	12	41	91
Charge for the year	**36**	**2**	**7**	**45**
Utilised	**(34)**	**(2)**	**(1)**	**(37)**
Released	**(10)**	**(4)**	**(5)**	**(19)**
At 31st March 2024	**30**	**8**	**42**	**80**

	2024 £m	2023 £m
Current	**63**	63
Non-current	**17**	28
Total provisions	**80**	91

Restructuring

The restructuring provisions are part of the group's efficiency initiatives (see note 6).

Warranty and technology

The warranty and technology provisions represent management's best estimate of the group's liability under warranties granted and remedial work required under technology licences based on past experience in Clean Air, Catalyst Technologies and Value Businesses. Warranties generally cover a period of up to three years.

Other

The other provisions include environmental and legal provisions arising across the group. Amounts provided reflect management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

Notes on the Accounts for the year ended 31st March 2024 continued

23 Deferred tax

Group

	Property, plant and equipment £m	Post-employment benefits £m	Provisions £m	Inventories £m	Intangibles £m	Other £m	Total deferred tax (assets) / liabilities £m
At 1st April 2022	(37)	85	(44)	(49)	(2)	(33)	(80)
(Credit) / charge to the income statement	(7)	7	(15)	22	(8)	(22)	(23)
Disposal of businesses	5	–	4	1	(7)	7	10
Transferred to assets classified as held for sale	3	–	–	–	–	–	3
Tax on items taken directly to or transferred from equity	–	(37)	–	–	–	26	(11)
Exchange adjustments	(1)	–	–	–	–	–	(1)
At 31st March 2023	(37)	55	(55)	(26)	(17)	(22)	(102)
Charge / (credit) to the income statement (note 9)	**–**	**3**	**(8)**	**(1)**	**25**	**(31)**	**(12)**
Transferred to assets classified as held for sale (note 26)	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Tax on items taken directly to or transferred from equity	**–**	**(17)**	**–**	**–**	**–**	**–**	**(17)**
Exchange adjustments	**–**	**–**	**–**	**–**	**–**	**1**	**1**
At 31st March 2024	**(37)**	**41**	**(63)**	**(27)**	**8**	**(48)**	**(126)**

	2024 £m	2023 £m
Deferred tax assets	**(128)**	(121)
Deferred tax liabilities	**2**	19
Net amount	**(126)**	(102)

Deferred tax has not been recognised in respect of tax losses of £158 million (2023: £85 million) and other temporary differences of £8 million (2023: £23 million). Of the total tax losses, £69 million (2023: £30 million) is expected to expire within 5 years, £36 million within 5 to 10 years (2023: £30 million), £nil after 10 years (2023: £nil) and £53 million carry no expiry (2023: £25 million). These deferred tax assets have not been recognised on the basis that their future economic benefit is not probable.

In addition, the group's overseas subsidiaries have net unremitted earnings of £1,149 million (2023: £933 million), resulting in temporary differences of £451 million (2023: £563 million). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The recognition of deferred tax assets has been determined by the recoverability of those assets against future tax liabilities as determined by budgets and plans that are showing profits in relevant businesses. The majority of the deferred tax assets and liabilities noted above are anticipated to be realised after more than 12 months.

24 Post-employment benefits

Group

Background

Pension plans

The group operates a number of post-employment retirement and medical benefit plans around the world. The retirement plans in the UK, US and other countries include both defined contribution and defined benefit plans.

For defined contribution plans, retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee and the investment returns on those contributions prior to retirement.

For defined benefit plans, which include final salary, career average and other types of plans with committed pension payments, the retirement benefits are based on factors, such as the employee's pensionable salary and length of service. The majority of the group's final salary and career average defined benefit retirement plans are now closed to new entrants and future accrual.

Regulatory framework and governance

The UK pension plan, the Johnson Matthey Employees' Pension Scheme (JMEPS), is a registered arrangement established under trust law and, as such, is subject to UK pension, tax and trust legislation. It is managed by a corporate trustee, JMEPS Trustees Limited. The trustee board includes representatives appointed by both the parent company and employees and includes an independent chairman.

Although the parent company bears the financial cost of the plan, the trustee directors are responsible for the overall management and governance of JMEPS, including compliance with all applicable legislation and regulations. The trustee directors are required by law to act in the interests of all relevant beneficiaries and: to set certain policies; to manage the day-to-day administration of the benefits; and to set the plan's investment strategy following consultation with the parent company.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website: www.thepensionsregulator.gov.uk

The JMEPS Trustee Board considers how climate risk is integrated within investment processes when appointing, monitoring and withdrawing from investment managers using the investment consultant's Environmental, Social and Governance (ESG) ratings. The ESG ratings include consideration of climate risk management policies. On a periodic basis, JMEPS will review the ESG ratings assigned to the underlying investments based on the investment consultant's ESG research.

The US pension plans are qualified pension arrangements and are subject to the requirements of the Employee Retirement Income Security Act, the Pension Protection Act 2006 and the Department of Labor and Internal Revenue. The plans are managed by a pension committee which acts as the fiduciary and, as such, is ultimately responsible for: the management of the plans' investments; compliance with all applicable legislation and regulations; and overseeing the general management of the plans.

Other trustee or fiduciary arrangements that have similar responsibilities and obligations are in place for the group's other funded defined benefit pension plans outside of the UK and US.

Benefits

The UK defined benefit pension plan is segregated into two sections – a legacy section which provides final salary and career average pension benefits and a hybrid arrangement which provides three levels of membership offering cash balance and defined contribution sections.

The legacy section provides benefits to members in the form of a set level of pension payable for life based on the member's length of service and final pensionable salary at retirement or averaged over their career with the company. The majority of the benefits attract inflation-related increases both before and after retirement. The final salary element of the legacy section was closed to future accrual of benefits from 1st April 2010 and the career average element of the legacy section was closed to new entrants on 1st October 2012 and closed to future accrual on 31st March 2024.

The cash balance section provides benefits to members at the point of retirement in the form of a cash lump sum. The benefits attract inflation-related increases before retirement but, following the payment of the retirement lump sum benefit, the plan has no obligation to pay any further benefits to the member. All new employees join the defined contribution section but have the opportunity to switch to the cash balance section of the plan within 60 days of joining the Company.

The group operates two defined benefit pension plans in the US. The hourly pension plan is for unionised employees and provides a fixed retirement benefit for life based upon years of service. The salaried pension plan provides retirement benefits for life based on the member's length of service and final pensionable salary (averaged over the last five years). The salaried plan benefits attract inflation-related increases before leaving but are non-increasing thereafter. On retirement, members in either plan have the option to take the cash value of their benefit instead of a lifetime annuity in which case the plan has no obligation to pay any further benefits to the member.

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

The US salaried pension plan was closed to new entrants on 1st September 2013, and the US hourly pension plan was closed to new entrants on 1st January 2019. The hourly pension plan remains open to future accrual for existing members but the salaried pension plan was closed to future accrual from 1st July 2023 with plan participants transferring to a defined contribution plan. All new US employees now join a defined contribution plan.

Other post-employment benefits

The group's principal post-employment medical plans are in the UK and US, and are unfunded arrangements that have been closed to new entrants for over ten years.

Maturity profile

The estimated weighted average durations of the defined benefit obligations of the main plans as at 31st March 2024 are:

	Weighted average duration Years
Pensions:	
UK	**14**
US	**9**
Post-retirement medical benefits:	
UK	**8**
US	**9**

Funding

Introduction

The group's principal defined benefit retirement plans are funded through separate fiduciary or trustee administered funds that are independent of the sponsoring company. The contributions paid to these arrangements are jointly agreed by the sponsoring company and the relevant trustee or fiduciary body after each funding valuation and in consultation with independent qualified actuaries. The plans' assets, together with the agreed funding contributions, should be sufficient to meet the plans' future pension obligations.

UK valuations

UK legislation requires that pension plans are funded prudently and that, when undertaking a funding valuation (every three years), assets are taken at their market value and liabilities are determined based on a set of prudent assumptions set by the trustee following consultation with their appointed actuary. The assumptions used for funding valuations may, therefore, differ to the actuarial assumptions used for IAS 19, *Employee Benefits*, accounting purposes.

In January 2013, a special purpose vehicle (SPV), Johnson Matthey (Scotland) Limited Partnership, was set up to provide deficit reduction contributions and greater security to the trustee. The group invested £50 million in a bond portfolio which is beneficially held by the SPV. The income generated by the SPV is used to make annual distributions of £3.5 million to JMEPS for a period of up to 25 years. These annual distributions are only payable if the legacy section of JMEPS continues to be in deficit, on a funding basis. This bond portfolio is held as a non-current investment at fair value through other comprehensive income and the group's liability to pay the income to the plan is not a plan asset under IAS 19 although it is for actuarial funding valuation purposes. The SPV is exempt from the requirement to prepare audited annual accounts as it is included on a consolidated basis in these accounts.

A funding valuation of JMEPS was carried out as at 1st April 2021 and showed that there was a deficit of £9 million in the legacy section of the plan, or a surplus of £24 million after taking account of the future additional deficit contributions from the SPV. The valuation also showed a deficit in the cash balance section of the plan of £1 million. The next triennial actuarial valuation of JMEPS was carried out as at 1st April 2024 with the results known later in the year.

In accordance with the governing documentation of JMEPS, any future plan surplus would be returned to the parent company by way of a refund assuming gradual settlement of the liabilities over the lifetime of the plan. As such, there are no adjustments required in respect of IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

US valuations

The last annual review of the US defined benefit pension plans was carried out by a qualified actuary as at 1st July 2023 and showed that there was a surplus of $18 million on the projected funding basis.

The assumptions used for funding valuations may differ to the actuarial assumptions used for IAS 19 accounting purposes.

Other valuations

Similar funding valuations are undertaken on the group's other defined benefit pension plans outside of the UK and US in accordance with prevailing local legislation.

24 Post-employment benefits (continued)

Risk management

The group is exposed to a number of risks relating to its post-retirement pension plans, the most significant of which are:

Risk	Mitigation
Market (investment) risk	
Asset returns may not move in line with the liabilities and may be subject to volatility.	The group's various plans have highly diversified investment portfolios, investing in a wide range of assets that provide reasonable assurance that no single security or type of security could have a material adverse impact on the plan. A de-risking strategy is in place to reduce volatility in the plans as a result of the mismatch between the assets and liabilities. As the funding level of the plans improve and hit pre-agreed triggers, plan investments are switched from return-seeking assets to liability-matching assets. The plans implement partial currency hedging on their overseas assets to mitigate currency risk.
Interest (discount) rate risk	
Liabilities are sensitive to movements in bond yields (interest rates), with lower interest rates leading to an increase in the valuation of liabilities, albeit the impact on the plan's funding level will be partially offset by an increase in the value of its bond holdings.	The group's defined benefit plans hold a high proportion of their assets in government or corporate bonds, which provide a natural hedge against falling interest rates. In the UK, this interest rate hedge is extended by the use of interest rate swaps, such that the plan is 100% hedged on the plan's funding basis. The swaps are held with several banks to reduce counterparty risk.
Inflation risk	
Liabilities are sensitive to movements in inflation, with higher inflation leading to an increase in the valuation of liabilities.	Where plan benefits provide inflation-related increases, the plan holds some inflation-linked assets which provide a natural hedge against higher than expected inflation increases. In the UK, this inflation hedge is extended by the use of inflation swaps, such that the plan is 100% hedged on the plan's funding basis. The swaps are held with several banks to reduce counterparty risk.
Longevity risk	
The majority of the group's defined benefit plans provide benefits for the life of the member, so the liabilities are sensitive to life expectancy, with increases in life expectancy leading to an increase in the valuation of liabilities.	The group has closed most of its defined benefit pension plans to new entrants, replacing them with either a cash balance plan or defined contribution plans, both of which are unaffected by life expectancy. For the plans where a benefit for life continues to be payable, prudent mortality assumptions are used that appropriately allow for a future improvement in life expectancy. These assumptions are reviewed on a regular basis.
Liquidity risk	
The pension plan may have insufficient access to cash to meet its short-term cash and collateral obligations, such that adverse scenarios could force the sale of a less-liquid assets at depressed prices.	The group's defined benefit plans hold sufficient liquid assets to meet its cashflow obligations and the collateral requirements of its inflation and interest rate hedging. This reduces the risk of being a forced seller of less-liquid assets.

Contributions

During the year, total contributions to the group's post-employment defined benefit plans were £38 million (2023: £40 million). It is estimated that the group will contribute approximately £35 million to the post-employment defined benefit plans during the year ending 31st March 2025.

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

IAS 19 accounting

Principal actuarial assumptions

Qualified independent actuaries have updated the IAS 19 valuations of the group's major defined benefit plans to 31st March 2024. The assumptions used are chosen from a range of possible actuarial assumptions which, due to the long-term nature of the plans, may not necessarily be borne out in practice.

Financial assumptions

	2024			2023		
	UK plan %	**US plans %**	**Other plans %**	UK plan %	US plans %	Other plans %
First year's rate of increase in salaries	**3.50**	**–**	**2.43**	4.40	4.50	3.97
Ultimate rate of increase in salaries	**3.50**	**–**	**2.20**	3.40	4.50	2.20
Rate of increase in pensions in payment	**2.90**	**–**	**2.20**	2.90	–	2.80
Discount rate	**4.90**	**5.20**	**3.30**	4.80	4.90	4.40
Inflation	**–**	**2.20**	**2.20**	–	2.50	3.90
• UK Retail Prices Index (RPI)	**3.10**	**–**	**–**	3.10	–	–
• UK Consumer Prices Index (CPI)	**2.75**	**–**	**–**	2.65	–	–
Current medical benefits cost trend rate	**8.95**	**–**	**–**	12.50	–	–
Ultimate medical benefits cost trend rate	**5.40**	**–**	**–**	5.40	–	–

Demographic assumptions

The mortality assumptions are based on country-specific mortality tables and, where appropriate, include an allowance for future improvements in life expectancy. In addition, where credible data exists, actual plan experience is taken into account. The group's most substantial pension liabilities are in the UK and the US where, using the mortality tables adopted, the expected lifetime of average members currently at age 65 and average members at age 65 in 25 years' time (i.e. members who are currently aged 40 years) is respectively:

	Currently age 65		Age 65 in 25 years	
	UK plan	**US plans**	**UK plan**	**US plans**
Male	**87**	**86**	**89**	**88**
Female	**89**	**89**	**91**	**90**

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

Financial information

Plan assets

Movements in the fair value of plan assets during the year were:

	UK pension - legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £m	US post-retirement medical benefits £m	Other £m	Total £m
At 1st April 2022	2,160	156	–	310	–	8	2,634
Administrative expenses	(4)	–	–	(1)	–	–	(5)
Interest income	65	6	–	12	–	–	83
Return on plan assets excluding interest	(698)	(29)	–	(57)	–	(1)	(785)
Employee contributions	3	7	–	–	–	–	10
Company contributions	8	21	1	7	1	2	40
Benefits paid	(62)	(2)	(1)	(42)	(1)	(1)	(109)
Exchange adjustments	–	–	–	21	–	–	21
At 31st March 2023	1,472	159	–	250	–	8	1,889
Administrative expenses	**(4)**	**–**	**–**	**(1)**	**–**	**–**	**(5)**
Interest income	**68**	**8**	**–**	**12**	**–**	**–**	**88**
Return on plan assets excluding interest	**(106)**	**(4)**	**–**	**(9)**	**–**	**(1)**	**(120)**
Employee contributions	**2**	**7**	**–**	**–**	**–**	**–**	**9**
Company contributions	**10**	**22**	**1**	**3**	**–**	**2**	**38**
Benefits paid	**(58)**	**(3)**	**(1)**	**(29)**	**–**	**(3)**	**(94)**
Exchange adjustments	**–**	**–**	**–**	**(5)**	**–**	**–**	**(5)**
At 31st March 2024	**1,384**	**189**	**–**	**221**	**–**	**6**	**1,800**

The fair values of plan assets are analysed as follows:

	2024				2023			
	UK pension - legacy section £m	**UK pension - cash balance section £m**	**US pensions £m**	**Other £m**	UK pension - legacy section £m	UK pension - cash balance section £m	US pensions £m	Other £m
Quoted corporate bonds	**494**	**61**	**80**	**–**	382	56	191	–
Inflation and interest rate swaps	**(8)**	**1**	**–**	**–**	5	1	–	–
Quoted government bonds	**490**	**45**	**65**	**–**	563	41	42	1
Cash and cash equivalents	**25**	**4**	**76**	**–**	46	5	2	–
Quoted equity	**1**	**62**	**–**	**–**	212	56	15	1
Unquoted equity	**49**	**–**	**–**	**–**	51	–	–	–
Property	**51**	**–**	**–**	**–**	58	–	–	–
Insurance policies	**–**	**–**	**–**	**6**	–	–	–	6
Other	**282**	**16**	**–**	**–**	155	–	–	–
Plan assets	**1,384**	**189**	**221**	**6**	1,472	159	250	8

The UK plan's unquoted equities are assets within a pooled infrastructure fund where the underlying assets are a broad range of private infrastructure investments, diversified by geographic region, infrastructure sector, underlying asset type and development stage. These infrastructure assets are valued using widely recognised valuation techniques which use market data and discounted cash flows. The same valuation approach is used to determine the value of the swaps and insurance policies.

24 Post-employment benefits (continued)

The UK plan's property represents an investment in the Blackrock UK Property Fund, which is a unitised fund where the underlying assets are taken at market value. The valuation of the fund is independently audited by KPMG on an annual basis.

The defined benefit pension plans do not invest directly in Johnson Matthey Plc shares and no property or other assets owned by the pension plans are used by the group.

Defined benefit obligation

Movements in the defined benefit obligation during the year were:

	UK pension - Legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £m	US post-retirement Medical benefits £m	Other £m	Total £m
At 1st April 2022	(1,809)	(174)	(9)	(312)	(13)	(35)	(2,352)
Current service cost	(4)	(21)	–	(5)	–	(1)	(31)
Past service (cost) / credit	(2)	–	–	22	–	–	20
Interest cost	(56)	(5)	–	(12)	(1)	(1)	(75)
Employee contributions	(3)	(7)	–	–	–	–	(10)
Remeasurements due to changes in:							
Financial assumptions	577	77	1	52	1	7	715
Demographic assumptions	2	–	–	–	–	–	2
Experience adjustments	(70)	(4)	–	(9)	2	–	(81)
Benefits paid	62	2	1	42	1	1	109
Disposal of business	–	–	–	–	–	3	3
Exchange adjustments	–	–	–	(22)	–	(3)	(25)
At 31st March 2023	(1,303)	(132)	(7)	(244)	(10)	(29)	(1,725)
Current service cost	**(2)**	**(15)**	**–**	**(2)**	**–**	**(1)**	**(20)**
Interest cost	**(61)**	**(7)**	**–**	**(11)**	**(1)**	**(1)**	**(81)**
Employee contributions	**(2)**	**(7)**	**–**	**–**	**–**	**–**	**(9)**
Remeasurements due to changes in:							
Financial assumptions	**15**	**4**	**–**	**8**	**1**	**–**	**28**
Demographic assumptions	**32**	**–**	**–**	**–**	**–**	**–**	**32**
Experience adjustments	**(6)**	**–**	**–**	**(2)**	**–**	**–**	**(8)**
Benefits paid	**58**	**3**	**1**	**29**	**–**	**3**	**94**
Exchange adjustments	**–**	**–**	**–**	**3**	**–**	**2**	**5**
At 31st March 2024	**(1,269)**	**(154)**	**(6)**	**(219)**	**(10)**	**(26)**	**(1,684)**

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

Reimbursement rights

A government subsidy is receivable under the US Medicare legislation as the US post-retirement medical benefits plan is actuarially equivalent to the Medicare Prescription Drug Act and there is an insurance policy taken out to reinsure the pension commitments of one of the small pension plans which does not meet the definition of a qualifying insurance policy. These are accounted for as reimbursement rights and are shown on the balance sheet in post-employment benefit net assets.

There were no movements in the reimbursement rights during the year and the balance as at 31st March 2024 is £1 million.

Net post-employment benefit assets and liabilities

The net post-employment benefit assets and liabilities are:

	UK pension - legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £	US post-retirement medical benefits £m	Other £m	Total £m
At 31st March 2024							
Defined benefit obligation	**(1,269)**	**(154)**	**(6)**	**(219)**	**(10)**	**(26)**	**(1,684)**
Fair value of plan assets	**1,384**	**189**	**–**	**221**	**–**	**6**	**1,800**
Reimbursement rights	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Net post-employment benefit assets and liabilities	**115**	**35**	**(6)**	**2**	**(10)**	**(19)**	**117**
At 31st March 2023							
Defined benefit obligation	(1,303)	(132)	(7)	(244)	(10)	(29)	(1,725)
Fair value of plan assets	1,472	159	–	250	–	8	1,889
Reimbursement rights	–	–	–	–	–	1	1
Net post-employment benefit assets and liabilities	169	27	(7)	6	(10)	(20)	165

These are included in the balance sheet as follows:

	2024			2023		
	Post-employment benefit net assets £m	**Employee benefit net obligations £m**	**Total £m**	Post-employment benefit net assets £m	Employee benefit net obligations £m	Total £m
UK pension - legacy section	**115**	**–**	**115**	169	–	169
UK pension - cash balance section	**35**	**–**	**35**	27	–	27
UK post-retirement medical benefits	**–**	**(6)**	**(6)**	–	(7)	(7)
US pensions	**2**	**–**	**2**	6	–	6
US post-retirement medical benefits	**–**	**(10)**	**(10)**	–	(10)	(10)
Other	**1**	**(20)**	**(19)**	1	(21)	(20)
Total post-employment plans	**153**	**(36)**	**117**	203	(38)	165
Other long-term employee benefits		**(3)**			(3)	
Total long-term employee benefit obligations		**(39)**			(41)	

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

Financial information (continued)

Income statement

Amounts recognised in the income statement for long term employment benefits were:

	2024 £m	2023 £m
Administrative expenses	(5)	(5)
Current service cost	(20)	(31)
Past service credit	–	20
Defined benefit post-employment costs charged to operating profit	(25)	(16)
Defined contribution plans' expense	(28)	(24)
Charge to operating profit	(53)	(40)
Interest on post-employment benefits charged to finance income	7	8
Charge to profit before tax	(46)	(32)

Statement of total comprehensive income

Amounts recognised in the statement of total comprehensive income for long term employment benefits were:

	2024 £m	2023 £m
Return on plan assets excluding interest	(120)	(785)
Remeasurements due to changes in:		
Financial assumptions	28	715
Experience adjustments	(8)	(81)
Demographic assumptions	32	2
Remeasurements of post-employment benefit assets and liabilities	(68)	(149)

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the assumptions used. The following summarises the estimated impact on the group's main plans of a change in the assumption while holding all other assumptions constant. This sensitivity analysis may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another.

Financial assumptions

A 0.1% change in the discount rate and inflation assumptions would (increase) / decrease the UK and US pension plans' defined benefit obligations at 31st March 2024 as follows:

	0.1% increase		0.1% decrease	
	UK plan £m	US plans £m	UK plan £m	US plans £m
Effect of discount rate	20	2	(21)	(2)
Effect of inflation	(19)	–	19	–

Demographic assumptions

A one-year increase in life expectancy would increase the UK and US pension plans' defined benefit obligation by £38 million and £4 million, respectively.

Other

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal and possible further intervention. The Trustee has taken legal and actuarial advice and the Trustee and Group are monitoring developments and will consider if there are any implications for the UK Pension Fund, if the ruling is upheld.

25 Share capital and other reserves

Share capital

	Number	£m
Issued and fully paid ordinary shares		
At 1st April 2022	**195,861,765**	**218**
Share buyback	**(2,271,920)**	**(3)**
At 31st March 2023 and 31st March 2024	**193,589,845**	**215**

Details of outstanding allocations under the company's long term incentive plans and awards under the deferred bonus which have yet to mature are disclosed in note 30.

The total number of treasury shares held was 9,649,874 (2023: 10,136,428) at a total cost of £177 million (2023: £186 million).

The group and parent company's employee share ownership trust (ESOT) also buys shares on the open market and holds them in trust for employees participating in the group's executive long term incentive plans. At 31st March 2024, the ESOT held 511,623 shares (2023: 570,053 shares) which had not yet vested unconditionally to employees. Computershare Trustees (CI) Limited, as trustee for the ESOT, has waived its dividend entitlement.

Dividends

	2024 £m	2023 £m
2021/22 final ordinary dividend paid – 55.00 pence per share	**–**	100
2022/23 interim ordinary dividend paid – 22.00 pence per share	**–**	41
2022/23 final ordinary dividend paid – 55.00 pence per share	**101**	–
2023/24 interim ordinary dividend paid – 22.00 pence per share	**40**	–
Total dividends	**141**	141

A final dividend of 55.0 pence per ordinary share has been proposed by the board which will be paid on 6th August 2024 to shareholders on the register at the close of business on 7th June 2024, subject to shareholders' approval. The estimated amount to be paid is £101 million and has not been recognised in these accounts.

The board is responsible for the group's capital management including the approval of dividends. This includes an assessment of both the level of reserves legally available for distribution and consideration as to whether Johnson Matthey Plc would be solvent and maintain sufficient liquidity following any proposed distribution. The board has assessed the level of distributable profits as at 31st March 2024 and is satisfied that they are sufficient to support the proposed dividend.

Other reserves

Capital redemption reserve, The capital redemption reserve represents the cumulative nominal value of the company's ordinary shares repurchased and subsequently cancelled.

Foreign currency translation reserve, The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value through other comprehensive income reserve, The fair value through other comprehensive income reserve represents the equity movements on financial assets held within this category.

Hedging reserve, The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The Foreign currency translation reserve includes a £2 million loss (2023 restated: £6 million loss) in relation to continuing hedge relationships and £104 million loss (2023 restated: £104 million loss) in relation to discontinued hedge relationships. All cash flow hedge reserves balances relate to continuing hedge relationships.

During the year we identified a prior period error in the calculation of the continuing and discontinued hedge relationships. This solely impacts the disclosure note above and has resulted in a decrease of £6 million to the continuing hedge relationships disclosure and an increase of £101 million in the discontinued hedging relationships disclosure.

25 Share capital and other reserves (continued)

Group

	Capital redemption reserve £m	Foreign currency translation reserve £m	Fair value through other comprehensive income reserve £m	Hedging reserve: Forward currency contracts £m	Hedging reserve: Cross currency contracts £m	Hedging reserve: Forward metal contracts £m	Total other reserves £m
At 1st April 2022	10	69	–	(5)	–	(24)	50
Cash flow hedges — (losses) / gains taken to equity	–	–	–	(10)	9	72	71
Cash flow hedges — transferred to revenue (income statement)	–	–	–	6	–	38	44
Cash flow hedges — transferred to cost of sales (income statement)	–	–	–	6	–	–	6
Cash flow hedges — transferred to foreign exchange (income statement)	–	–	–	–	(7)	–	(7)
Cash flow hedges — transferred to inventory (balance sheet)	–	–	–	–	–	–	–
Fair value losses on net investment hedges taken to equity	–	(10)	–	–	–	–	(10)
Fair value losses on investments at fair value through other comprehensive income	–	–	(12)	–	–	–	(12)
Exchange differences on translation of foreign operations taken to equity	–	1	–	–	–	–	1
Cancelled ordinary shares from share buyback	3	–	–	–	–	–	3
Tax on above items taken directly to or transferred from equity	–	–	–	(1)	(1)	(26)	(28)
At 31st March 2023	13	60	(12)	(4)	1	60	118
Cash flow hedges — gains / (losses) taken to equity	–	–	–	3	(4)	27	26
Cash flow hedges — transferred to revenue (income statement)	–	–	–	12	–	(31)	(19)
Cash flow hedges — transferred to cost of sales (income statement)	–	–	–	(10)	–	–	(10)
Cash flow hedges — transferred to foreign exchange (income statement)	–	–	–	–	2	–	2
Fair value gains on net investment hedges taken to equity	–	4	–	–	–	–	4
Fair value losses on investments at fair value through other comprehensive income	–	–	(7)	–	–	–	(7)
Exchange differences on translation of foreign operations taken to equity	–	(79)	–	–	–	–	(79)
Tax on above items taken directly to or transferred from equity	–	–	–	(5)	–	6	1
At 31st March 2024	**13**	**(15)**	**(19)**	**(4)**	**(1)**	**62**	**36**

Capital

The group's policy for managing capital is to maintain an efficient balance sheet to ensure that the group always has sufficient resources to be able to invest in future growth. During the year, the group complied with all externally imposed capital requirements to which it is subject.

26 Assets and liabilities classified as held for sale

The group drives for efficiency and disciplined capital allocation to enhance returns, as such we continue to actively manage our portfolio. In line with this strategy and to focus on our core businesses, during the period we completed the sale of our Diagnostics Services business. Refer to note 27 for further information on this disposal.

In March 2024, the group agreed to sell its Medical Device Components business expecting to realise net proceeds of £530 million which is in excess of the carrying amount of its assets. The business is classified as a disposal group held for sale.

Additionally, in March, the group agreed to sell its Battery Systems business. As at 31st March 2024, the proceeds less costs to sell for the Battery Systems business are estimated to be c.£30 million and so an impairment of £45 million has been recognised, see note 6. This impairment has been allocated against goodwill (£6 million), property, plant and equipment (£10 million), right-of-use assets (£1 million) and inventories (£28 million). The business is classified as a disposal group held for sale.

During the year we recognised an impairment reversal of £7 million for the land and buildings of our previous Battery Materials business in Poland to reflect the latest fair value less costs to sell. The original impairment on the land and buildings was in the year ended 31st March 2022.

The major classes of assets and liabilities comprising the businesses classified as held for sale as at 31st March are:

	2024				
	Medical Device Components £m	Battery Systems £m	Battery Materials Poland £m	Total £m	2023 £m
Non-current assets					
Property, plant and equipment	22	–	25	47	27
Right-of-use-assets	4	–	–	4	9
Goodwill	1	–	–	1	–
Other intangible assets	–	–	–	–	1
Deferred tax assets	–	4	–	4	3
Current assets					
Inventories	7	29	–	36	5
Trade and other receivables	13	22	–	35	30
Assets classified as held for sale	47	55	25	127	75
Current liabilities					
Trade and other payables	(5)	(22)	–	(27)	(14)
Lease liabilities	(1)	–	–	(1)	(1)
Taxation liabilities	(1)	(2)	–	(3)	(1)
Non-current liabilities					
Lease liabilities	(3)	(1)	–	(4)	(9)
Liabilities classified as held for sale	(10)	(25)	–	(35)	(25)
Net assets of disposal group	37	30	25	92	50

The prior year held for sale balances relate to Battery Materials and Diagnostic Services.

27 Disposals

Diagnostic Services

On 29th September 2023, the group completed the sale of its Diagnostic Services business for an enterprise value of £55 million (£47 million on a debt free basis, after working capital adjustments). The business was disclosed as a disposal group held for sale as at 31st March 2023.

	Diagnostic Services £m
Proceeds	
Cash consideration	47
Cash and cash equivalents disposed	(3)
Net cash consideration	44
Disposal costs paid	(2)
Net cash inflow	42
Assets and liabilities disposed	
Non-current assets	
Property, plant and equipment	10
Right-of-use assets	9
Current assets	
Inventories	5
Trade and other receivables	32
Cash and cash equivalents	3
Deferred tax assets	3
Current liabilities	
Trade and other payables	(9)
Non-current liabilities	
Lease liabilities	(11)
Net assets disposed	42

	Diagnostic Services £m
Cash consideration	47
Deferred consideration	4
Working capital adjustments at time of disposal	4
Less: carrying amount of net assets sold	(42)
Less: disposal costs	(8)
Cumulative currency translation loss recycled from other comprehensive income	(1)
Profit recognised in the income statement	4

Johnson Matthey Catalysts LLC

On 15th June 2023, the group completed the sale of Johnson Matthey Catalysts LLC, its operations in Russia, to Catalysts and Technologies LLC for a cash consideration of £11 million. All assets excluding cash had previously been impaired. The sale resulted in a net loss on sale of £4 million due to a cumulative currency translation loss being recycled from other comprehensive income.

Battery Materials Germany

On 31st December 2023, the group completed the sale of the trade and assets (excluding cash) of its Battery Materials Germany business for a total consideration of £1 million. There was £nil profit on sale.

Disposal related costs

Included within loss on disposal of businesses is £9 million of disposal related costs. This is comprised of £7 million for the disposals of Medical Device Components (£5 million) and Battery Systems (£2 million) which were signed during the year and £2 million in relation to disposals in prior years.

28 Financial risk management

The group's activities expose it to a variety of financial risks, including credit risk, market risk and liquidity risk. Market risk includes foreign currency risk, interest rate risk and price risk. The financial risks are managed by the group, under policies approved by the board. The financial risk management is carried out by a centralised group treasury function. Group treasury's role is to optimise the group's liquidity, mitigate financial risks and provide treasury services to the group's operating businesses. The group uses derivative financial instruments, including forward currency contracts, interest rate swaps and currency swaps, to manage the financial risks associated with its underlying business activities and the financing of those activities. Some derivative financial instruments used to manage financial risk are not designated as hedges and, therefore, are classified as at fair value through profit or loss. The group does not undertake any speculative trading activity in financial instruments.

Credit risk

Within certain businesses, the group derives a significant proportion of its revenue from sales to major customers. Sales to individual customers are large if the value of precious metals is included in the price. The failure of any such company to honour its debts could materially impact the group's results. The group derives significant benefit from trading with its customers and manages the risk at many levels. Each business has a credit committee that regularly monitors its exposure. The Audit Committee receives a report every six months that details all significant credit limits, amounts due and overdue within the group, and the relevant actions being taken. At 31st March 2024, trade receivables for the group amounted to £964 million (2023: £1,304 million), excluding £31 million classified as held for sale, of which £792 million (2023: £1,077 million) are in Clean Air which mainly supplies car and truck manufacturers and component suppliers in the automotive industry. Although Clean Air has a wide range of customers, the concentrated nature of this industry means that amounts owed by individual customers can be large and, in the event that one of those customers experiences financial difficulty, there could be a material adverse impact on the group. Other parts of the group tend to sell to a larger number of customers and amounts owed tend to be lower. At 31st March 2024, no single outstanding balance exceeded 2% (2023: 2%) of revenue.

The credit profiles of the group's customers are obtained from credit rating agencies where possible and are closely monitored. The scope of these reviews includes amounts overdue and credit limits. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, risk associated with the industry and country in which customers operate may also influence the credit risk. The credit quality of customers is assessed against the appropriate credit ratings, financial strength, trading experience and market position to define credit limits. Controls and risk mitigants include daily monitoring of exposures, investing in counterparties with investment grade ratings, restricting the amount that can be invested with one counterparty and credit-rating mitigation techniques. Generally, payments are made promptly in the automotive industry and in the other markets in which the group operates.

A provision matrix is used to calculate lifetime expected credit losses using historical loss rates based on days past due and a broad range of forward-looking information, including country and market growth forecasts. This year, expected credit losses on unimpaired trade and contract receivables reduced to £12 million (2023: £16 million) driven by a lower trade receivables balance.

Trade receivables are specifically impaired when the amount is in dispute, customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt. They are written off when there is no reasonable expectation of recovery, based on an estimate of the financial position of the counterparty.

Movements in the allowance for credit losses on trade and contract receivables are as follows:

	Group	
	2024 £m	2023 £m
At beginning of year	**30**	37
Charge for year	**11**	5
Utilised	**(2)**	(1)
Released	**(10)**	(11)
At end of year	**29**	30

The group's maximum exposure to default on trade and contract receivables is £1,079 million (2023: £1,429 million), of which £31 million is classified as held for sale.

The group's financial assets included in other receivables are all current and not impaired.

The credit risk on cash and deposits and derivative financial instruments is limited because the counterparties with significant balances are banks with strong credit ratings. The exposure to individual banks is monitored frequently against internally-defined limits, together with each bank's credit rating and credit default swap prices. At 31st March 2024, the maximum net exposure with a single bank for cash and deposits was £81 million (2023: £37 million), whilst the largest mark to market exposure for derivative financial instruments to a single bank was £8 million (2023: £11 million). The group also uses money market funds to invest surplus cash thereby further diversifying credit risk and, at 31st March 2024, the group's exposure to these funds was £334 million (2023: £521 million). The amounts on deposit at the year end represent the group's maximum exposure to credit risk on cash and deposits. Expected credit losses on cash and cash equivalents are immaterial.

28 Financial risk management (continued)

Foreign currency risk

The group operates globally with a significant amount of its profit earned outside the UK. The main impact of movements in exchange rates on the group's results arises on translation of overseas subsidiaries' profits into sterling. The largest exposure is to the euro and a 5% (5.8 cent (2023: 5.8 cent)) movement in the average exchange rate for the euro against sterling would have had a £11 million (2023: £11 million) impact on underlying operating profit. The group is also exposed to the US dollar and a 5% (6.3 cent (2023: 6.0 cent)) movement in the average exchange rate for the US dollar against sterling would have had a £7 million (2023: £10 million) impact on underlying operating profit. This exposure is part of the group's economic risk of operating globally which is essential to remain competitive in the markets in which it operates.

The group matches foreign currency assets and liabilities (where these differ to the functional currency of the relevant subsidiary) to avoid the risk of a material impact on the income statement resulting from movements in exchange rates. The group does, however, have foreign exchange exposure on movements through equity related to cash flow and net investment hedges. A 10% depreciation or appreciation in the US dollar and euro exchange rates against sterling would increase / (decrease) other reserves as follows:

	10% depreciation		10% appreciation	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Cash flow hedges	**16**	5	**(22)**	(8)
Net investment hedges	**(22)**	5	**21**	(8)

For the net investment hedges, these movements would be fully offset in reserves by an opposite movement on the retranslation of the net assets of the overseas subsidiaries.

Investments in foreign operations

To protect the group's sterling balance sheet and reduce cash flow risk, the group has financed most of its investment in the US and Europe by borrowing US dollars and euros, respectively. Although much of this funding is obtained by directly borrowing the relevant currency, a part is achieved through currency swaps which can be more efficient and reduce costs.

The group has designated US dollar and euro loans and a cross currency swap as hedges of net investments in foreign operations as they hedge changes in the value of the subsidiaries' net assets against movements in exchange rates. The change in the value of the net investment hedges from movements in foreign currency exchange rates is recognised in equity and is offset by an equal and opposite movement in the carrying value of the net assets of the subsidiaries. All critical terms of the hedging instruments and hedged items matched during the year and, therefore, hedge ineffectiveness was immaterial. The hedge ratio is 1:1.

Year ended 31st March 2024

	US dollar and euro loans[1] £m	**Cross currency swap[2] £m**	**FX Forwards[3] £m**	**Total £m**
Carrying value of hedging instruments at 31st March 2024	**(160)**	**(3)**	**(2)**	**(165)**
Change in carrying value of hedging instruments recognised in equity during the year	**4**	**2**	**(2)**	**4**
Change in fair value of hedged items during the year used to determine hedge effectiveness	**(4)**	**(2)**	**2**	**(4)**

Year ended 31st March 2023

	US dollar and euro loans[1] £m	Cross currency swap[2] £m	Total £m
Carrying value of hedging instruments at 31st March 2023	(164)	(5)	(169)
Change in carrying value of hedging instruments recognised in equity during the year	(8)	(2)	(10)
Change in fair value of hedged items during the year used to determine hedge effectiveness	8	2	10

1. The designated hedging instruments are $75 million of the 3.97% $120 million Bonds 2027, €17 million of the 2.44% €20 million Bonds 2023, 1.81% €90 million Bonds 2028, €10 million of the 2.92% €25 million Bonds 2030.
2. The designated hedging instrument are a cross currency swap expiring in 2025 whereby the group pays 2.609% fixed on €77 million and receives 2.83% fixed on £65 million and a cross current swap expiring in 2029 whereby the group pays 1.712% fixed on €46 million and receives 2.6723% fixed on £38 million.
3. $355 million FX forwards maturing June 2024.

28 Financial risk management (continued)

Forecast receipts and payments in foreign currencies

The group uses forward foreign exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies. These are designated and accounted for as cash flow hedges. The group's policy is to hedge between 50% and 80% of forecast receipts and payments in foreign currencies over the next 12 months.

For hedges of forecast receipts and payments in foreign currencies, the critical terms of the hedging instruments match exactly with the terms of the hedged items and, therefore, the group performs a qualitative assessment of effectiveness. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk of the group or the derivative counterparty. Hedge ineffectiveness was immaterial during the year. The hedge ratio is 1:1.

Year ended 31st March 2024

	Sterling / US dollar £m	**Sterling / euro £m**	**Other £m**	**Total £m**
Carrying value of hedging instruments at 31st March 2024				
• assets	**4**	**1**	**3**	**8**
• liabilities	**(4)**	**–**	**(1)**	**(5)**
Change in carrying value of hedging instruments recognised in equity during the year	**7**	**(1)**	**(3)**	**3**
Change in fair value of hedged items during the year used to determine hedge effectiveness	**(7)**	**1**	**3**	**(3)**
Notional amount[1]	**477**	**76**	**44**	**–**

Year ended 31st March 2023

	Sterling / US dollar £m	Sterling / euro £m	Other £m	Total £m
Carrying value of hedging instruments at 31st March 2023				
• assets	4	1	6	11
• liabilities	(8)	(1)	(4)	(13)
Change in carrying value of hedging instruments recognised in equity during the year	(10)	1	–	(9)
Change in fair value of hedged items during the year used to determine hedge effectiveness	10	(1)	–	9
Notional amount[1]	348	42	16	–

1. The notional amount is the sterling equivalent of the net currency amount purchased or sold.

The weighted average exchange rates on sterling / US dollar and sterling / euro forward foreign exchange contracts are 1.26 and 0.87 (2023: 1.26 and 0.88), respectively. The hedged, highly probable forecast transactions denominated in foreign currencies are expected to occur over the next 12 months.

Foreign currency borrowings

The group has designated two US dollar fixed interest rate to sterling fixed interest rate cross currency swaps as cash flow hedges. This swap hedges the movement in the cash flows on $100 million of the 3.14% $130 million bonds 2025 attributable to changes in the US dollar / sterling exchange rate while the second swap hedges the movement in the cash flows on the 3.00% $50 million bonds 2029 attributable to changes in the US dollar / sterling exchange rate. The currency swaps have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturity and notional amounts. As all critical terms matched during the year, hedge ineffectiveness was immaterial. The hedge ratio is 1:1. The interest element of the swaps is recognised in the income statement each year.

	Cross currency swap **2024 £m**	Cross currency swap 2023 £m
Carrying value of hedging instruments at 31st March[1]	**15**	20
Change in carrying value of hedging instruments recognised in equity during the year	**(4)**	9
Change in fair value of hedged items during the year used to determine hedge effectiveness	**4**	(9)

1. The designated hedging instruments are two cross currency swaps, one expiring in 2025 whereby the group pays 2.83% fixed on £65 million and receives 3.14% fixed on $100 million and one expiring in 2029 whereby the group pays 2.67% fixed on £38 million and receives 3.00% fixed on $50 million.

28 Financial risk management (continued)

The group's interest rate risk arises from fixed rate borrowings (fair value risk) and floating rate borrowings (cash flow risk) as well as cash deposits and short term investments. Its policy is to optimise interest cost and reduce volatility in reported earnings and equity. The group manages its risk by reviewing the profile of debt regularly and by selectively using interest rate swaps to maintain borrowings at competitive rates. At 31st March 2024, 63% (2023: 67%) of the group's borrowings and related swaps was at fixed rates with an average interest rate of 3.1% (2023: 3.1%). The remaining debt is floating rate. Based on the group's borrowings and related swaps at floating rates, after taking into account the effect of the swaps, a 1% change in all interest rates during the current year would have a £5 million impact on the group's profit before tax (2023: £5 million).

The group has designated three (2023: three) fixed rate to floating interest rate swaps as fair value hedges as they hedge the changes in fair value of bonds attributable to changes in interest rates. All hedging instruments have maturities in line with the repayment dates of the hedged bonds and the cash flows of the instruments are consistent. All critical terms of the hedging instruments and hedged items matched during the year and, therefore, hedge ineffectiveness was immaterial.

	2024 £m	2023 £m
Carrying value of hedging instruments at 31st March[1]	**(10)**	(15)
Amortised cost	**(143)**	(147)
Fair value adjustment	**8**	17
Carrying value of hedged items at 31st March[1]	**(135)**	(130)
Change in carrying value of hedging instruments recognised in profit or loss during the year	**5**	(14)
Change in fair value of hedged items during the year used to determine hedge effectiveness	**(9)**	14

1. The hedged items in the current year are the 1.40% €77 million Bonds 2025 and 1.81% €90 million Bonds 2028, Interest rate swaps have been contracted with aligned notional amounts and maturities to the bonds with the effect that the group pays an average floating rate of six-month LIBOR plus 0.64% on the US dollar bonds and six-month EURIBOR plus 0.94% on the euro bonds.

Price risk

Fluctuations in precious metal prices have an impact on the group's financial results. Our policy for all manufacturing businesses is to limit this exposure by hedging against future price changes where such hedging can be done at acceptable cost. The group enters into forward precious metal price contracts for the receipt or delivery of precious metal. The group does not take material price exposures on metal trading. A proportion of the group's precious metal inventories are unhedged due to the ongoing risk over security of supply.

Liquidity risk

The group's funding strategy includes maintaining appropriate levels of working capital, undrawn committed facilities and access to the capital markets. We regularly review liquidity levels and sources of cash, and we maintain access to committed credit facilities and debt capital markets. At 31st March 2024, the group had borrowings under committed bank facilities of £nil (2023: £nil). The group also has a number of uncommitted facilities and overdraft lines at its disposal.

The group has a £1 billion revolving credit facility with a maturity date of March 2027 which includes Environmental, Social and Governance KPIs which provides the group with a nominal interest saving or cost depending on our performance.

The group has three sustainability-linked private placements (€225 million £35 million and $50 million). The notes have interest rates linked with Johnson Matthey's Key Performance Indicator for the reduction of its Scope 1 and 2 greenhouse gas emissions and are among the first sustainability-linked financing in the market from a UK corporate issuer.

	2024 £m	2023 £m
Expiring in more than one year	**1,000**	1,000
Undrawn committed bank facilities	**1,000**	1,000

Notes on the Accounts for the year ended 31st March 2024 continued

28 Financial risk management (continued)

Liquidity risk (continued)

The maturity analyses for financial liabilities showing the remaining contractual undiscounted cash flows, including future interest payments, at current year exchange rates and assuming floating interest rates remain at the latest fixing rates, are:

At 31st March 2024	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	After 5 years £m	Total £m
Bank overdrafts	12	–	–	–	12
Bank and other loans – principal	105	317	719	312	1,453
Bank and other loans – interest payments	53	44	89	14	200
Lease liabilities - principal	8	6	9	9	32
Lease liabilities - principal - classified as held for sale	1	1	3	–	5
Lease liabilities - interest payments	1	1	2	8	12
Financial liabilities in trade and other payables	2,032	2	–	–	2,034
Financial liabilities in trade and other payables classified as held for sale	27	–	–	–	27
Total non-derivative financial liabilities	2,239	371	822	343	3,775
Forward foreign exchange contracts – payments	713	7	–	–	720
Forward foreign exchange contracts – receipts	(705)	(7)	–	–	(712)
Currency swaps – payments	760	–	–	–	760
Currency swaps – receipts	(755)	–	–	–	(755)
Cross currency interest rate swaps - payments	4	133	2	78	217
Cross currency interest rate swaps - receipts	(6)	(147)	(4)	(78)	(235)
Interest rate swaps – payments	7	72	88	–	167
Interest rate swaps – receipts	(2)	(68)	(81)	–	(151)
Total derivative financial liabilities	16	(10)	5	–	11

At 31st March 2023	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	After 5 years £m	Total £m
Bank overdrafts	13	–	–	–	13
Bank and other loans – principal	155	104	809	542	1,610
Bank and other loans – interest payments	52	49	112	24	237
Lease liabilities - principal	9	9	12	10	40
Lease liabilities - principal - classified as held for sale	1	1	2	6	10
Lease liabilities - interest payments	2	1	3	8	14
Financial liabilities in trade and other payables	2,316	2	–	–	2,318
Financial liabilities in trade and other payables classified as held for sale	14	–	–	–	14
Total non-derivative financial liabilities	2,562	166	938	590	4,256
Forward foreign exchange contracts – payments	322	27	5	–	354
Forward foreign exchange contracts – receipts	(310)	(25)	(5)	–	(340)
Currency swaps – payments	1,026	–	–	–	1,026
Currency swaps – receipts	(1,012)	–	–	–	(1,012)
Cross currency interest rate swaps - payments	5	5	139	81	230
Cross currency interest rate swaps - receipts	(7)	(7)	(154)	(81)	(249)
Interest rate swaps – payments	5	5	78	81	169
Interest rate swaps – receipts	(2)	(2)	(73)	(80)	(157)
Total derivative financial liabilities	27	3	(10)	1	21

28 Financial risk management (continued)

Offsetting financial assets and liabilities

The group offsets financial assets and liabilities when it currently has a legally enforceable right to offset the recognised amounts and it intends to either settle on a net basis or realise the asset and settle the liability simultaneously. The following financial assets and liabilities are subject to offsetting or enforceable master netting arrangements:

At 31st March 2024	Gross financial assets / (liabilities) £m	Amounts set off £m	Net amounts in balance sheet £m	Amounts not set off[1] £m	Net £m
Non-current interest rate swaps	15	–	15	(5)	10
Other financial assets - current	53	–	53	(7)	46
Other financial liabilities - current	(11)	–	(11)	7	(4)
Non-current borrowings and related swaps	(1,339)	–	(1,339)	5	(1,334)

At 31st March 2023	Gross financial assets / (liabilities) £m	Amounts set off £m	Net amounts in balance sheet £m	Amounts not set off[1] £m	Net £m
Non-current interest rate swaps	20	–	20	(5)	15
Other financial assets - current	47	–	47	(11)	36
Other financial liabilities - current	(27)	–	(27)	11	(16)
Non-current borrowings and related swaps	(1,460)	–	(1,460)	5	(1,455)

1. Agreements with derivative counterparties are based on an ISDA Master Agreement. Under these arrangements, whilst the group does not have a legally enforceable right of set off, where certain credit events occur, such as default, the net position receivable from or payable to a single counterparty in the same currency would be taken as owing and all the relevant arrangements terminated.

29 Fair values

Fair value hierarchy

Fair values are measured using a hierarchy where the inputs are:

- Level 1 — quoted prices in active markets for identical assets or liabilities.
- Level 2 — not level 1 but are observable for that asset or liability either directly or indirectly.
- Level 3 — not based on observable market data (unobservable).

Fair value of financial instruments

Certain of the group's financial instruments are held at fair value. The fair value of a financial instrument 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 balance sheet date.

The fair value of forward foreign exchange contracts, interest rate swaps, forward precious metal price contracts and currency swaps is estimated by discounting the future contractual cash flows using forward exchange rates, interest rates and prices at the balance sheet date.

The fair value of trade and other receivables measured at fair value is the face value of the receivable less the estimated costs of converting the receivable into cash.

The fair value of money market funds is calculated by multiplying the net asset value per share by the investment held at the balance sheet date.

There were no transfers of any financial instrument between the levels of the fair value hierarchy during the current or prior years.

Notes on the Accounts for the year ended 31st March 2024 continued

29 Fair values (continued)

	2024 £m	2023 £m	Fair value hierarchy Level	Note
Financial instruments measured at fair value				
Non-current				
Investments at fair value through other comprehensive income[1]	**40**	49	1	–
Interest rate swaps - assets	**15**	20	2	–
Other financial assets[2]	**34**	48	2	18
Interest rate swaps - liabilities	**(10)**	(15)	2	–
Borrowings and related swaps	**(3)**	(5)	2	20
Current				
Trade receivables[3]	**178**	329	2	17
Other receivables[4]	**3**	21	2	17
Cash and cash equivalents - money market funds	**334**	521	2	–
Cash and cash equivalents - cash and deposits	**12**	–	2	–
Other financial assets[2]	**53**	47	2	18
Other financial liabilities[2]	**(11)**	(27)	2	18
Financial instruments not measured at fair value				
Non-current				
Borrowings and related swaps	**(1,336)**	(1,455)	–	20
Lease liabilities	**(24)**	(31)	–	12
Trade and other receivables	**60**	57	–	17
Other payables	**(2)**	(2)	–	19
Current				
Amounts receivable under precious metal sale and repurchase agreements	**398**	222	–	17
Amounts payable under precious metal sale and repurchase agreements	**(797)**	(838)	–	19
Cash and cash equivalents - cash and deposits	**196**	129	–	–
Cash and cash equivalents - bank overdrafts	**(12)**	(13)	–	–
Borrowings and related swaps	**(110)**	(155)	–	20
Lease liabilities	**(8)**	(9)	–	12
Trade and other receivables	**926**	1,075	–	17
Trade and other payables	**(1,235)**	(1,478)	–	19

1. Investments at fair value through other comprehensive income are quoted bonds purchased to fund pension deficits (£35 million) and investments held at fair value through other comprehensive income (£5 million).
2. Includes forward foreign exchange contracts, forward precious metal price contracts and currency swaps.
3. Trade receivables held in a part of the group with a business model to hold trade receivables for collection or sale. The remainder of the group operates a hold to collect business model and receives the face value, plus relevant interest, of its trade receivables from the counterparty without otherwise exchanging or disposing of such instruments.
4. Other receivables with cash flows that do not represent solely the payment of principal and interest.

The fair value of financial instruments, excluding accrued interest, is approximately equal to book value except for:

	2024		2023	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
US Dollar Bonds 2023, 2025, 2027, 2028, 2029 and 2030	**(507)**	**(474)**	(648)	(618)
Euro Bonds 2023, 2025, 2028, 2030 and 2032	**(348)**	**(320)**	(368)	(340)
Sterling Bonds 2024, 2025 and 2029	**(145)**	**(137)**	(145)	(137)
KfW US Dollar Loan 2024	**(40)**	**(38)**	(40)	(39)

The fair values are calculated using level 2 inputs by discounting future cash flows to net present values using appropriate market interest rates prevailing at the year end.

30 Share-based payments

The total expense recognised during the year in respect of equity-settled share-based payments was £17 million (2023: £18 million).

The group currently operates various share-based payment schemes; a Performance share plan (PSP), a Restricted share plan (RSP), a Deferred bonus scheme and a Share Incentive Plan (SIP). Further details of the directors' remuneration under share-based payment plans are given in the Remuneration Report.

PSP

From 2017, shares are awarded to certain of the group's executive directors and senior managers under the PSP based on a percentage of salary and are subject to performance targets over a three-year period. The performance targets are based on underlying EPS growth, and Total Shareholder Return, and strategic and sustainability targets.

Subject to the performance conditions being met the shares will vest after which the directors will be required to hold any vested shares until the fifth anniversary of the award. The Remuneration Committee is entitled to claw back the awards to the executive directors in cases of misstatement or misconduct.

RSP

From 2017, shares are awarded to certain of the group's executive directors and senior managers under the RSP based on a percentage of salary. Awards under the RSP are not subject to performance targets. The shares are subject only to the condition that the employee remains employed by the group on the vesting date (ranging from one to three years after the award date).

30 Share-based payments (continued)

Deferred bonus

A proportion of the bonus payable to executive directors and senior managers is awarded as shares and deferred for three years. The Remuneration Committee is entitled to claw back the deferred element in cases of misstatement or misconduct or other relevant reason as determined by it.

All employee share incentive plan (SIP) – UK and overseas

Under the SIP, all employees with at least one year of service with the group and who are employed by a participating group company are entitled to contribute up to 2.5% of base pay each month, subject to a £125 per month limit. The SIP trustees buy shares (partnership shares) at market value each month with the employees' contributions. For each partnership share purchased, the group purchases two shares (matching shares) which are awarded to the employee.

In the UK SIP, if the employee sells or transfers partnership shares within three years of the date of award, the linked matching shares are forfeited.

In the overseas SIP, partnership shares and matching shares are subject to a three-year holding period and cannot be sold or transferred during that time.

During the year, 374,840 (2023: 311,260) matching shares under the SIP were awarded to employees. These are nil cost awards on which performance conditions are substantially completed at the date of grant and, consequently, the fair value of these awards is based on the market value of the shares at that date.

Activity in the year in relation to these share plans is shown below:

	Year ended 31st March 2024			Year ended 31st March 2023		
	PSP	RSP	Deferred Bonus	PSP	RSP	Deferred Bonus
Outstanding at the start of the year	1,728,934	996,190	211,310	1,434,911	1,258,698	149,136
Awarded during the year	1,349,149	53,614	145,794	798,488	320,907	102,961
Forfeited during the year	(204,808)	(49,890)	–	(243,093)	(130,601)	–
Released during the year	(533,508)	(510,535)	(32,385)	(261,372)	(452,814)	(40,787)
Outstanding at the end of the year	**2,339,767**	**489,379**	**324,719**	1,728,934	996,190	211,310

	Year ended 31st March 2024					Year ended 31st March 2023			
	PSP	Exceptional RSP[1]	Exceptional RSP[1]	Exceptional RSP[1]	Deferred Bonus	PSP	RSP	Exceptional RSP	Deferred Bonus
Fair value of shares awarded (pence)	1,634.9	1,634.9	1,685.7	1,738.0	1,585.7	1,916.8	1,916.8	2,059.6	1,849.1
Share price at the date of award (pence)	1,792.0	1,792.0	1,792.0	1,792.0	1,792.0	2,135.0	2,135.0	2,135.0	2,135.0
Dividend rate	3.07%	3.07%	3.07%	3.07%	3.07%	3.61%	3.61%	3.61%	3.61%

1. The group awarded three exceptional RSP schemes on 1st August 2023 of duration one, two, and three years.

The fair value of shares awarded was calculated using a modified Black Scholes model based on the share price at the date of award adjusted for the present value of the expected dividends that will not be received at an expected dividend rate.

At 31st March 2024, the weighted average remaining contracted life of the awarded PSP shares is 1.7 years (2023: 1.4 years) and 0.6 years (2023: 1.0 years) for the awarded RSP shares.

31 Commitments

Capital commitments - future capital expenditure contracted but not provided	Group 2024 £m	Group 2023 £m	Parent company 2024 £m	Parent company 2023 £m
Property, plant and equipment	**68**	106	**28**	32
Other intangible assets	**14**	25	**14**	25

At 31st March 2024, precious metal leases were £197 million (31st March 2023: £138 million) at year end prices.

32 Contingent liabilities

The group is involved in various disputes and claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, employee matters and tax audits. The group is also involved from time to time in the course of its business in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. These are reviewed on a regular basis and, where possible, an estimate is made of the potential financial impact on the group. In appropriate cases a provision is recognised based on advice, best estimates and management judgement. Where it is too early to determine the likely outcome of these matters, no provision is made. Whilst the group cannot predict the outcome of any current or future such matters with any certainty, it currently believes the likelihood of any material liabilities to be low, and that such liabilities, if any, will not have a material adverse effect on its consolidated income, financial position or cash flows.

Following the sale of its Health business in May 2022, the purchaser of the Health business, Veranova Bidco LP, has issued a claim against the group in connection with: i) certain alleged representations said to have been made during the course of the negotiation of the sale and purchase agreement dated 16th December 2021 ("SPA"); and, ii) certain warranties given in the SPA at the time of signing. Having reviewed the claim with its advisers, the group is of the opinion that it has a defensible position in respect of these allegations and is vigorously defending its position. The outcome of the legal proceedings relating to this matter is not certain, since the issues of liability and quantum will be for determination by the court at trial. Accordingly, the group is unable to make a reliable estimate of the possible financial impact at this stage, if any.

33 Transactions with related parties

The group has a related party relationship with its associates, its post-employment benefit plans (note 24) and its key management personnel (below). Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year the group had sales of £17 million (2023: £6 million) with Veranova. The amounts owed by Veranova were £1 million at 31st March 2024 (31st March 2023: £3 million).

The key management of the group and parent company consist of the Board of Directors and the members of the Group Leadership Team (GLT). During the year ended 31st March 2024, the GLT had an average of 13 members (2023: 12 members). The only transactions with any key management personnel was compensation charged in the year which was:

	2024 £m	2023 £m
Short term employee benefits	**9**	10
Share-based payments	**1**	1
Non-executive directors' fees and benefits	**1**	1
Total compensation of key management personnel	**11**	12

There were no balances outstanding as at 31st March 2024 (31st March 2023: £nil). Information on directors' remuneration is given in the Remuneration Report.

Guarantees of subsidiaries' liabilities are disclosed in note 47.

34 Non-GAAP measures

The group uses various measures to manage its business which are not defined by generally accepted accounting principles (GAAP). The group's management believes these measures provide valuable additional information to users of the accounts in understanding the group's performance. Certain of these measures are financial Key Performance Indicators which measure progress against our strategy.

All non-GAAP measures are on a continuing operations basis.

Definitions

Measure	Definition	Purpose
Sales[1]	Revenue excluding sales of precious metals to customers and the precious metal content of products sold to customers.	Provides a better measure of the growth of the group as revenue can be heavily distorted by year on year fluctuations in the market prices of precious metals and, in many cases, the value of precious metals is passed directly on to customers.
Underlying operating profit[2]	Operating profit excluding non-underlying items.	Provides a measure of operating profitability that is comparable over time.
Underlying operating profit margin[1, 2]	Underlying operating profit divided by sales.	Provides a measure of how we convert our sales into underlying operating profit and the efficiency of our business.
Underlying profit before tax[2]	Profit before tax excluding non-underlying items.	Provides a measure of profitability that is comparable over time.
Underlying profit for the year[2]	Profit for the year excluding non-underlying items and related tax effects.	Provides a measure of profitability that is comparable over time.
Underlying earnings per share[1, 2]	Underlying profit for the year divided by the weighted average number of shares in issue.	Our principal measure used to assess the overall profitability of the group.
Average working capital days (excluding precious metals)[1]	Monthly average of non-precious metal related inventories, trade and other receivables and trade and other payables (including any classified as held for sale) divided by sales for the last three months multiplied by 90 days.	Provides a measure of efficiency in the business with lower days driving higher returns and a healthier liquidity position for the group.
Free cash flow	Net cash flow from operating activities after net interest paid, net purchases of non-current assets and investments, proceeds from disposal of businesses, dividends received from joint ventures and associates and the principal element of lease payments.	Provides a measure of the cash the group generates through its operations, less capital expenditure.
Net debt (including post tax pension deficits) to underlying EBITDA	Net debt, including post tax pension deficits and quoted bonds purchased to fund the UK pension (excluded when the UK pension plan is in surplus) divided by underlying EBITDA for the same period.	Provides a measure of the group's ability to repay its debt. The group has a long-term target of net debt (including post tax pension deficits) to underlying EBITDA of between 1.5 and 2.0 times, although in any given year it may fall outside this range depending on future plans.

1. Key Performance Indicator.
2. Underlying profit measures are before profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles, major impairment and restructuring charges, share of profits or losses from non-strategic equity investments and, where relevant, related tax effects. These items have been excluded by management as they are not deemed to be relevant to an understanding of the underlying performance of the business.

As noted in our 2023 annual report, our strategy involves making substantial investment in the coming years to support the growth and transformation of the group. Our businesses have different investment and return profiles and therefore we no longer use a group measure of Return on Invested Capital as a key performance indicator.

Underlying profit measures exclude the following non-underlying items which are shown separately on the face of the income statement:

- **(Loss) / profit on disposal of businesses**, The group recognised £9 million loss on the disposal of businesses (2023: £12 million profit), see note 27.
- **Amortisation of acquired intangibles**, Amortisation and impairment of intangible assets which arose on the acquisition of businesses totalled £4 million (2023: £5 million).
- **Gains and losses on significant legal proceedings**, The group recognised £nil loss on significant legal proceedings (2023: £25 million loss).
- **Major impairment and restructuring charges**, The group recognised £148 million in major impairment and restructuring charges (2023: £41 million), see note 6.
- **Share of losses of associates**, The group recognised £3 million for its share of losses of associates (2023: £1 million), see note 15.

Notes on the Accounts for the year ended 31st March 2024 continued

34 Non-GAAP measures (continued)

Reconciliations to GAAP measures

Sales

	2024 £m	2023 £m
Revenue (note 3)	12,843	14,933
Less: sales of precious metals to customers (note 3)	(8,939)	(10,732)
Sales	3,904	4,201

Underlying profit measures

Year ended 31st March 2024

	Operating profit £m	Profit before tax £m	Tax expense £m	Profit for the year £m
Underlying	410	328	(68)	260
Loss on disposal of businesses	(9)	(9)	–	(9)
Amortisation of acquired intangibles	(4)	(4)	1	(3)
Major impairment and restructuring charges	(148)	(148)	15	(133)
Share of losses of associates	–	(3)	–	(3)
Underlying tax provisions	–	–	(4)	(4)
Reported	249	164	(56)	108

Year ended 31st March 2023

	Operating profit £m	Profit before tax £m	Tax expense £m	Profit for the year £m
Underlying	465	404	(78)	326
Profit on disposal of businesses	12	12	(1)	11
Amortisation of acquired intangibles	(5)	(5)	1	(4)
Gains and losses on significant legal proceedings	(25)	(25)	5	(20)
Major impairment and restructuring charges	(41)	(41)	(7)	(48)
Share of losses of associates	–	(1)	–	(1)
Reported	406	344	(80)	264

Underlying earnings per share

	2024	2023
Underlying profit for the year (£ million)	260	326
Weighted average number of shares in issue (number)	183,392,681	183,012,301
Underlying earnings per share (pence)	141.3	178.6

Average working capital days (excluding precious metals) - unaudited

	2024 £m	2023 £m
Inventories	1,211	1,702
Trade and other receivables	1,718	1,882
Trade and other payables	(2,209)	(2,497)
	720	1,087
Working capital balances classified as held for sale	44	22
Total working capital	764	1,109
Less: Precious metal working capital	(174)	(622)
Working capital (excluding precious metals)	590	487
Average working capital days (excluding precious metals)	60	42

Free cash flow from continuing operations

	2024 £m	2023 £m
Net cash inflow from operating activities	592	291
Interest received	62	28
Interest paid	(137)	(94)
Purchases of property, plant and equipment	(301)	(253)
Purchases of intangible assets	(67)	(63)
Purchases of investments held at fair value through other comprehensive income	–	(17)
Government grant income	5	7
Proceeds from sale of businesses	41	187
Proceeds from sale of non-current assets	5	8
Proceeds from sale of investment in joint ventures	–	2
Principal element of lease payments	(11)	(14)
Less: Free cash inflow from discontinued operations	–	(8)
Free cash flow	189	74

Notes on the Accounts for the year ended 31st March 2024 continued

34 Non-GAAP measures (continued)

Net debt (including post tax pension deficits) to underlying EBITDA

	2024 £m	2023 £m
Cash and deposits	208	129
Money market funds	334	521
Bank overdrafts	(12)	(13)
Cash and cash equivalents	**530**	**637**
Interest rate swaps - non-current assets	15	20
Interest rate swaps - non-current liabilities	(10)	(15)
Borrowings and related swaps - current	(110)	(155)
Borrowings and related swaps - non-current	(1,339)	(1,460)
Lease liabilities - current	(8)	(9)
Lease liabilities - non-current	(24)	(31)
Lease liabilities - current - transferred to liabilities classified as held for sale	(1)	(1)
Lease liabilities - non-current - transferred to liabilities classified as held for sale	(4)	(9)
Net debt	**(951)**	**(1,023)**
(Decrease) / increase in cash and cash equivalents	(102)	287
Less: Increase in cash and cash equivalents from discontinued operations	–	(8)
Less: Decrease / (increase) in borrowings	150	(391)
Less: Principal element of lease payments	11	14
Decrease / (increase) in net debt resulting from cash flows	**59**	**(98)**
New leases, remeasurements and modifications	(11)	(13)
Other lease movements	1	–
Disposals	11	–
Exchange differences on net debt	13	(53)
Other non-cash movements	(1)	(3)
Movement in net debt	**72**	**(167)**
Net debt at beginning of year	(1,023)	(856)
Net debt at end of year	**(951)**	**(1,023)**
Net debt	(951)	(1,023)
Add: Pension deficits	(22)	(21)
Add: Related deferred tax	3	2
Net debt (including post tax pension deficits)	**(970)**	**(1,042)**

	2024 £m	2023 £m
Underlying operating profit	410	465
Add back: Depreciation and amortisation excluding amortisation of acquired intangibles	188	182
Underlying EBITDA	**598**	**647**
Net debt (including post tax pension deficits) to underlying EBITDA	**1.6**	**1.6**

	2024 £m	2023 £m
Underlying EBITDA	**598**	**647**
Depreciation and amortisation	(192)	(187)
Gains and losses on significant legal proceedings	–	(25)
Major impairment and restructuring charges	(148)	(41)
(Loss) / profit on disposal of businesses	(9)	12
Finance costs	(146)	(110)
Investment income	64	49
Share of losses of associates	(3)	(1)
Income tax expense	(56)	(80)
Profit for the year from continuing operations	**108**	**264**

35 Events after the balance sheet date

On 30th April 2024, the group completed the sale of its Battery Systems business. Refer to note 26 for further information.

Parent Company Statement of Financial Position

as at 31st March 2024

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	37	449	350
Right-of-use assets		9	5
Goodwill	38	113	113
Other intangible assets	39	257	247
Investments in subsidiaries	40	2,108	2,074
Other receivables	41	682	1,040
Interest rate swaps		15	20
Other financial assets	42	34	48
Deferred tax assets		11	–
Post-employment benefit net assets	43	150	196
Total non-current assets		3,828	4,093
Current assets			
Inventories	44	482	821
Taxation recoverable		3	1
Trade and other receivables	41	2,335	2,012
Cash and cash equivalents		370	540
Other financial assets	42	57	51
Total current assets		3,247	3,425
Total assets		7,075	7,518
Liabilities			
Current liabilities			
Trade and other payables	45	(4,235)	(3,747)
Lease liabilities		(2)	(2)
Cash and cash equivalents - bank overdrafts		(6)	(3)
Borrowings and related swaps	46	(105)	(151)
Other financial liabilities	42	(14)	(33)
Provisions	47	(76)	(91)
Total current liabilities		(4,438)	(4,027)

	Notes	2024 £m	2023 £m
Non-current liabilities			
Borrowings and related swaps	46	(1,339)	(1,460)
Lease liabilities		(8)	(4)
Deferred tax liabilities		–	(4)
Interest rate swaps		(10)	(15)
Employee benefit obligations	43	(6)	(7)
Provisions	47	(1)	(12)
Trade and other payables	45	(5)	(489)
Total non-current liabilities		(1,369)	(1,991)
Total liabilities		(5,807)	(6,018)
Net assets		1,268	1,500
Equity			
Share capital	48	215	215
Share premium		148	148
Treasury shares		(17)	(19)
Other reserves	48	72	71
Retained earnings[1]		850	1,085
Total equity		1,268	1,500

1. The parent company's loss for the year is £34 million (2023: £314 million profit).

Parent Company Statement of Changes in Equity

for the year ended 31st March 2024

	Share capital £m	Share premium account £m	Treasury Shares £m	Other reserves (note 48) £m	Retained earnings £m	Total equity £m
At 1st April 2022	218	148	(24)	(19)	1,024	1,347
Profit for the year	–	–	–	–	314	314
Remeasurements of post-employment benefit assets and liabilities	–	–	–	–	(143)	(143)
Exchange differences on translation of foreign operations	–	–	–	–	(8)	(8)
Amounts charged to hedging reserve	–	–	–	114	–	114
Tax on other comprehensive (expense) / income	–	–	–	(27)	37	10
Total comprehensive income	–	–	–	87	200	287
Dividends paid (note 48)	–	–	–	–	(141)	(141)
Purchase of treasury shares (note 48)	(3)	–	–	3	(1)	(1)
Share-based payments	–	–	–	–	13	13
Cost of shares transferred to employees	–	–	5	–	(10)	(5)
At 31st March 2023	215	148	(19)	71	1,085	1,500
Loss for the year	**–**	**–**	**–**	**–**	**(34)**	**(34)**
Remeasurements of post-employment benefit assets and liabilities	**–**	**–**	**–**	**–**	**(66)**	**(66)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(14)**	**(14)**
Amounts charged to hedging reserve (note 48)	**–**	**–**	**–**	**2**	**–**	**2**
Tax on other comprehensive (expense) / income	**–**	**–**	**–**	**(1)**	**17**	**16**
Total comprehensive expense	**–**	**–**	**–**	**1**	**(97)**	**(96)**
Dividends paid (note 48)	**–**	**–**	**–**	**–**	**(141)**	**(141)**
Share-based payments	**–**	**–**	**–**	**–**	**10**	**10**
Cost of shares transferred to employees	**–**	**–**	**2**	**–**	**(7)**	**(5)**
At 31st March 2024	**215**	**148**	**(17)**	**72**	**850**	**1,268**

36 Accounting policies - parent company

Basis of accounting and preparation - parent company

The accounts are prepared on a going concern basis in accordance with Financial Reporting Standard (FRS) 101, Reduced Disclosure Framework, issued in September 2015 and the Companies Act 2006 applicable to companies reporting under FRS 101. The parent company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary to comply with the Act and has set out below the FRS 101 disclosure exemptions taken by the parent company:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based Payment*;
- the requirements of IFRS 7, *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91 to 99 of IFRS 13, *Fair Value Measurement*;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*;
- the requirement in paragraph 38 of IAS 1, *Presentation of Financial Statements*, to present comparative information in respect of: paragraph 73(e) of IAS 16, *Property, Plant and Equipment*; and paragraph 118(e) of IAS 38, *Intangible Assets*;
- the requirements of paragraphs 10(d), 38A, 38B, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1, *Presentation of Financial Statements*;
- the requirements of IAS 7, *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24, *Related Party Disclosures*;
- the requirements in IAS 24, *Related Party Disclosures*, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d), 134(f) and 135(c) to 135(e) of IAS 36, *Impairment of Assets*.

The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained below.

The parent company has not presented its own income statement, statement of total comprehensive income and related notes as permitted by Section 408(3) of the Companies Act 2006. Profit for the year is disclosed in the parent company statement of financial position and statement of changes in equity.

In the parent company statement of financial position, businesses acquired from other group companies are recognised at book value at the date of acquisition. The difference between the consideration paid and the book value of the net assets acquired is reflected in retained earnings.

Material accounting policies

The group's and parent company's accounting policies have been applied consistently during the current and prior year, other than where new policies have been adopted (see note 1). The group's and parent company's material accounting policies are consistent (see note 1) with the exception of the following parent company accounting policies:

Investments in subsidiaries

Investments in subsidiaries are stated in the parent company's balance sheet at cost less any provisions for impairment. If a distribution is received from a subsidiary, the investment in that subsidiary is assessed for an indication of impairment.

Provisions and contingencies

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, these guarantee contracts are considered to be contingent liabilities until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Sources of estimation uncertainty and judgements made in applying accounting policies

The group's and parent company's sources of estimation uncertainty and judgements made in applying accounting policies are consistent – see note 1 for further information.

Notes on the Accounts for the year ended 31st March 2024 continued

37 Property, plant and equipment

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost					
At 31st March 2023	129	2	683	157	971
Additions	**–**	**–**	**18**	**111**	**129**
Reclassification	**1**	**–**	**27**	**(28)**	**–**
Disposals	**–**	**–**	**(7)**	**–**	**(7)**
At 31st March 2024	**130**	**2**	**721**	**240**	**1,093**
Accumulated depreciation and impairment					
At 31st March 2023	86	2	534	(1)	621
Charge for the year	**3**	**–**	**29**	**–**	**32**
Impairment losses	**–**	**–**	**(3)**	**–**	**(3)**
Disposals	**–**	**–**	**(7)**	**1**	**(6)**
At 31st March 2024	**89**	**2**	**553**	**–**	**644**
Carrying amount at 31st March 2024	**41**	**–**	**168**	**240**	**449**
Carrying amount at 31st March 2023	43	–	149	158	350

Finance costs capitalised were £3 million (2023: £1 million) and the capitalisation rate used to determine the amount of finance costs eligible for capitalisation was 3.3% (2023: 4.0%).

38 Goodwill

As at 31st March 2024 and 31st March 2023, the cost of goodwill was £123 million with an accumulated impairment of £10 million resulting in a carrying amount of £113 million.

The parent company's goodwill balance of £113 million relates to the Catalyst Technologies cash-generating unit. Refer to note 5 for further information on the impairment testing performed.

39 Other intangible assets

	Compute software £m	Patents, trademarks and licences £m	Acquired research and technology* £m	Development expenditure £m	Total £m
Cost					
At 31st March 2023	427	20	5	13	465
Additions	**50**	**–**	**–**	**–**	**50**
Disposals	**–**	**(11)**	**(5)**	**–**	**(16)**
At 31st March 2024	**477**	**9**	**–**	**13**	**499**
Accumulated amortisation and impairment					
At 31st March 2023	181	16	4	17	218
Charge for the year	**40**	**–**	**–**	**–**	**40**
Disposals	**–**	**(12)**	**(4)**	**–**	**(16)**
At 31st March 2024	**221**	**4**	**–**	**17**	**242**
Carrying amount at 31st March 2024	**256**	**5**	**–**	**(4)**	**257**
Carrying amount at 31st March 2023	246	4	1	(4)	247
Carrying amount at 1st April 2022	233	3	1	(4)	233

* The disposals balances in acquired research and technology relate to Battery Materials and should have been transferred to assets held for sale in the prior year.

Notes on the Accounts for the year ended 31st March 2024 continued

40 Investments in subsidiaries

	Cost of investments in subsidiaries £m	Accumulated impairment £m	Carrying amount £m
At 31st March 2023	2,336	(262)	2,074
Additions	**34**	**–**	**34**
At 31st March 2024	**2,370**	**(262)**	**2,108**

The parent company's subsidiaries are shown in note 49.

41 Trade and other receivables

	2024 £m	2023 £m
Current		
Trade receivables	**110**	160
Contract receivables	**33**	23
Amounts receivable from subsidiaries	**1,655**	1,479
Prepayments	**36**	37
Value added tax and other sales tax receivable	**35**	49
Amounts receivable under precious metal sale and repurchase agreements	**417**	222
Other receivables	**49**	42
Trade and other receivables	**2,335**	2,012
Non-current		
Amounts receivable from subsidiaries	**653**	1,015
Advance payments to customers	**29**	25
Other receivables	**682**	1,040

Of the parent company's amounts receivable from subsidiaries, £140 million is impaired (2023: £140 million). Future expected credit losses on intercompany receivables are immaterial.

Trade receivables and contract receivables are net of expected credit losses.

42 Other financial assets and liabilities

The parent company non-current other financial assets are consistent with the group balances - see note 18.

	2024 £m	2023 £m
Current assets		
Forward foreign exchange contracts designated as cash flow hedges	**10**	15
Forward precious metal price contracts designated as cash flow hedges	**41**	30
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	**6**	6
Other financial assets	**57**	51
Current liabilities		
Forward foreign exchange contracts designated as cash flow hedges	**(8)**	(19)
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	**(4)**	(14)
Foreign exchange swaps designated as hedges of a net investment in foreign operations	**(2)**	–
Other financial liabilities	**(14)**	(33)

43 Post-employment benefits

The parent company is the sponsoring employer of the group's UK defined benefit pension plan and the UK post-retirement medical benefits plan. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plans to the individual group entities. The parent company recognises the net defined benefit cost for these plans and information is disclosed in note 24.

44 Inventories

	2024 £m	2023 £m
Raw materials and consumables	**44**	46
Work in progress	**374**	729
Finished goods and goods for resale	**64**	46
Inventories	**482**	821

Write-downs of inventories amounted to £nil (2023: £13 million). These were recognised as an expense during the year ended 31st March 2024 and included in cost of sales in the income statement.

45 Trade and other payables

	2024 £m	2023 £m
Current		
Trade payables	**258**	236
Contract liabilities	**33**	53
Amounts payable to subsidiaries	**2,865**	2,340
Accruals	**169**	170
Amounts payable under precious metal sale and repurchase agreements	**810**	813
Other payables	**100**	135
Trade and other payables	**4,235**	3,747
Non-current		
Amounts payable to subsidiaries	**4**	488
Other payables	**1**	1
Trade and other payables	**5**	489

46 Borrowings and related swaps

The parent company's non-current borrowings and related swaps are consistent with the group balances with the exception of the cross currency interest rate swaps of £3 million (2023: £5 million) which are designated as fair value hedges instead of net investment hedges - see note 20.

	2024 £m	2023 £m
Current		
2.99% $165 million Bonds 2023	**–**	(133)
2.44% €20 million Bonds 2023	**–**	(18)
3.57% £65 million Bonds 2024	**(65)**	–
3.565% $50 million KfW loan 2024	**(40)**	–
Borrowings and related swaps	**(105)**	(151)

47 Provisions

	Restructuring provisions £m	Other provisions £m	Total £m
At 31st March 2023	33	70	103
Charge for the year	**8**	**1**	**9**
Net sale of metal	**–**	**(14)**	**(14)**
Utilised	**(14)**	**–**	**(14)**
Released	**(4)**	**(3)**	**(7)**
At 31st March 2024	**23**	**54**	**77**

	2024 £m	2023 £m
Current	**76**	91
Non-current	**1**	12
Total provisions	**77**	103

The restructuring provisions are part of the parent company's efficiency initiatives.

The other provisions include provisions to buy metal to cover short positions created by the parent company selling metal to cover price risk on metal owned by subsidiaries. Amounts provided reflect management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

The parent company also guarantees some of its subsidiaries' borrowings and its exposure at 31st March 2024 was £2 million (2023: £4 million).

48 Share capital and other reserves

Share capital and dividends

The group and parent company disclosures relating to share capital, dividends and purchase of treasury shares are the same. Refer to note 25 for further information.

Other reserves

		Hedging reserve			
	Capital redemption reserve £m	Forward currency contracts £m	Cross currency swaps £m	Forward metal contracts £m	Total other reserves £m
At 1st April 2022	10	(5)	–	(24)	(19)
Cash flow hedges — (losses) / gains taken to equity	–	(9)	9	72	72
Cash flow hedges — transferred to revenue (income statement)	–	4	–	38	42
Cash flow hedges — transferred to cost of sales (income statement)	–	7	–	–	7
Cash flow hedges — transferred to foreign exchange (income statement)	–	–	(7)	–	(7)
Cancelled ordinary shares from share buyback	3	–	–	–	3
Tax on items taken directly to or transferred from equity	–	–	(1)	(26)	(27)
At 31st March 2023	13	(3)	1	60	71
Cash flow hedges — gains / (losses) taken to equity	**–**	**8**	**(4)**	**27**	**31**
Cash flow hedges — transferred to revenue (income statement)	**–**	**4**	**–**	**(31)**	**(27)**
Cash flow hedges — transferred to cost of sales (income statement)	**–**	**(5)**	**–**	**–**	**(5)**
Cash flow hedges — transferred to foreign exchange (income statement)	**–**	**–**	**2**	**–**	**2**
Tax on items taken directly to or transferred from equity	**–**	**(6)**	**–**	**6**	**–**
At 31st March 2024	**13**	**(2)**	**(1)**	**62**	**72**

49 Related undertakings

A full list of related undertakings at 31st March 2024 (comprising subsidiaries, joint ventures and associates) is set out below. Those held directly by the parent company are marked with an asterisk (*) and those held jointly by the parent company and a subsidiary are marked with a cross (+). All the companies are wholly owned unless otherwise stated. All the related undertakings are involved in the principal activities of the group. Unless otherwise stated, the share class of each related undertaking comprises ordinary shares only. As permitted by section 479A of the Companies Act 2006, the Company intends to take advantage of the audit exemption in relation to the individual accounts of the companies marked with a hash (#).

	Entity	Registered address
+	Johnson Matthey Argentina S.A.	Tucumán 1, Piso 4, C1049AAA, Buenos Aires, Argentina
	Johnson Matthey (Aust.) Ltd	64 Lillee Crescent, Tullamarine VIC 3043, Australia
	Johnson Matthey Holdings Limited	64 Lillee Crescent, Tullamarine VIC 3043, Australia
+	Johnson Matthey Belgium	Pegasuslaan 5, 1831 Diegem, Belgium
	The Argent Insurance Co. Limited	Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke HM 08, Bermuda
	Johnson Matthey Brasil Ltda	Avenida Macuco, 726, 12th Floor, Edifício International Office, CEP04523-001, Brazil
	Johnson Matthey Argillon (Shanghai) Emission Control Technologies Ltd.	Ground Floor, Building 2, No. 298, Rongle East Road, Songjiang Industrial Zone, Shanghai 201613, China
	Johnson Matthey Battery Materials (Changzhou) Co., Ltd.	A10 Building, No.2 Xinzhu Road, Xinbei District, Changzhou, China
	Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited	Room 1066, Building 1, No 215 Lian He Bei Lu, Fengxian District, Shanghai, China
	Johnson Matthey (China) Trade Co., Ltd	1st, 2nd and 3rd Floor, Building 2, No. 598 Dongxing Road, Songjiang Industrial Zone, Shanghai, China
	Johnson Matthey Clean Energy Technologies (Beijing) Co., Ltd	Unit 01/14th Floor, Pacific Century Place, 2A Gong Ti Bei Lu, Chaoyang District , Beijing, China
	Johnson Matthey (Shanghai) Catalyst Co., Ltd.	586 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
	Johnson Matthey (Shanghai) Chemicals Limited	588 and 598 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
	Johnson Matthey (Shanghai) Hydrogen Technologies Co., Ltd	JTChinaJT7575, Room108, Floor 1, Building 1, 6988 Jiasong North Road, Anting, Jiading, Shanghai, China
	Johnson Matthey (Shanghai) Trading Limited	Room 1615B, No. 118 Xinling Road, Shanghai Pilot Free Trade Zone, China
	Johnson Matthey (Tianjin) Chemical Co., Ltd.	Room 2007, No. 16, Third Avenue, Tianjin Economic-Technological Development Zone, Tianjin, China
	Johnson Matthey (Zhangjiagang) Environmental Protection Technology Co., Ltd	No. 9 Dongxin Road, Jiangsu Yangtze River International Chemical Industrial Park, Jiangsu Province, China
	Johnson Matthey (Zhangjiagang) Precious Metal Technology Co., Ltd.	No. 48, the west of Beijing Road, Jingang Town, Yangtze River International Chemical Industrial Park, Jiangsu, China
	Johnson Matthey A/S	c/o Lundgrens Advokatpartnerselskab, 4., Tuborg Boulevard 12, 4., 2900 Hellerup, Denmark
*	AG Holding Ltd (in liquidation)	30 Finsbury Square, London, EC2A 1AG, England
*	Cascade Biochem Limited[1]	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*	JMEPS Trustees Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
	Johnson Matthey Battery Systems Engineering Limited (in liquidation)	30 Finsbury Square, London, EC2A 1AG, England
*	Johnson Matthey Battery Materials Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*	Johnson Matthey Davy Technologies Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*	Johnson Matthey Hydrogen Technologies Limited[1]	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
#	Johnson Matthey Investments Limited (01004368)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*+	Johnson Matthey (Nominees) Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*	Johnson Matthey Precious Metals Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
	Johnson Matthey South Africa Holdings Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
#	Johnson Matthey Tianjin Holdings Limited (5391061)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*#	Johnson Matthey UK Holdings Limited (14090567)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
+#	Matthey Finance Limited (301279)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*#	Matthey Holdings Limited (03130188)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
#	MDC Global Topco Limited (15068261)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
	Johnson Matthey Battery Materials Finland Oy	c/o Asianajotoimisto, Krogerus Oy, Unioninkatu 22, Helsinki, 00130, Finland
	Johnson Matthey Finland Oy (in liquidation)	c/o Accountor Taloshallintopalvelut Oy, William Ruthin Katu 1, Kotka, 48600, Finland
	Johnson Matthey SAS	Les Diamants - Immeuble B, 41 rue Delizy, 93500 Pantin, France
	Johnson Matthey Battery Materials GmbH	Ostenriederstrasse 15, 85368 Moosburg a.d. Isar, Germany

Notes on the Accounts for the year ended 31st March 2024 continued

49 Related undertakings (continued)

	Entity	Registered address
	Johnson Matthey Catalysts (Germany) GmbH	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
	Johnson Matthey Chemicals GmbH	Wardstrasse 17, D-46446 Emmerich am Rhein, Germany
	Johnson Matthey Deutschland GmbH	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
	Johnson Matthey Management GmbH	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
	Johnson Matthey Pacific Limited[2]	Room 803-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
	Johnson Matthey Process Technologies Holdings Hong Kong Limited	Room 803-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
	Johnson Matthey Tracerco Holdings Hong Kong Limited	Room 802-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
	MDC Pacific Limited	4603-4609, 46th Floor, Jardine House, One Connaught Place Central, Hong Kong
+	Johnson Matthey Chemicals India Private Limited	Plot No 6A, MIDC Industrial Estate, Taloja, District Raigad, Maharashtra 410208, India
	Johnson Matthey India Private Limited	Regus Business Centre, 5th Floor, Caddie Commercial Tower - Aerocity, New Delhi, 110037, India
	Johnson Matthey Limited	13-18 City Quay, Dublin 2, D02 ED70, Ireland
	Johnson Matthey Italia S.r.l.	Corso Trapani 16, 10139, Torino Italy
	Johnson Matthey Fuel Cells Japan Limited	5123-3 Kitsuregawa, Sakura-shi, Tochiqi, 329-1412, Japan
	Johnson Matthey Japan Godo Kaisha	5123-3 Kitsuregawa, Sakura-shi, Tochiqi, 329-1412, Japan
	Johnson Matthey Global Business Services Lithuania UAB	Upės str. 23, 08128, Vilnius, Lithuania
*	Johnson Matthey Sdn. Bhd.	Suite 16-03. Level 16, Wisma UOA II, 21 Jalan Pinanq, 50450 Kuala Lumpur, Malaysia
	Johnson Matthey Services Sdn. Bhd.	Suite 16-03. Level 16, Wisma UOA II, 21 Jalan Pinanq, 50450 Kuala Lumpur, Malaysia
	Johnson Matthey de Mexico, S. de R.L. de C.V.	c/o Cacheaux, Cavazos and Newton, No. 437 Col, Colinas del Cimatario, CP 76090 Queretaro, Mexico
	Johnson Matthey Servicios, S. de R.L. de C.V.	c/o Cacheaux, Cavazos and Newton, No. 437 Col, Colinas del Cimatario, CP 76090 Queretaro, Mexico
	Intercat Europe B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
	Johnson Matthey International Management Services B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
	Johnson Matthey Netherlands 2 B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
	Matthey Finance B.V.[1]	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
	Johnson Matthey DOOEL Skopje	Technological Industrial Development Zone, Skopje 1, Ilinden 1041, Republic of North Macedonia
	Johnson Matthey Battery Systems Spółka z organiczoną odpowiedzialnocścia	Ul. Alberta Einsteina 36, 44-109, Gliwice, Poland
	Johnson Matthey Poland Spółka z organiczoną odpowiedzialnocścia	Ul. Alberta Einsteina 6, 44-109, Gliwice, Poland
	Johnson Matthey Battery Materials Poland Spółka z organiczoną	Ul. Hutnicza 1, 62-510 Konin, Poland
+	Macfarlan Smith Portugal, Lda	Largo de São Carlos 3, 1200-410 Lisboa, Portugal
	Johnson Matthey Arabia for Business Services	PO Box 26090, Riyadh 11486, Saudi Arabia
*	Johnson Matthey General Partner (Scotland) Limited	c/o DWF LLP, 103 Waterloo Street, Glasgow G2 7BW, Scotland
*	Johnson Matthey (Scotland) Limited Partnership[2]	c/o DWF LLP, 103 Waterloo Street, Glasgow G2 7BW, Scotland
	Johnson Matthey Singapore Private Limited	50 Raffles Place, #19-00, Singapore Lane Tower, Singapore 048623
	Johnson Matthey (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
	Johnson Matthey Research South Africa(Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
	Johnson Matthey Salts (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
	Johnson Matthey Catalysts Korea Limited	(Yeongdeok-dong) Towerdong A-804, 13 Heungdeok 1-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea
	Johnson Matthey Korea Limited	(Taepeyongro-1ga), S8020, 8F, 136 Sejong-daero, Jung-gu, Seoul, Republic of Korea
	Johnson Matthey AB	Viktor Hasselblads gata 8, 421 31 Västra Frölunda, Göteborg, Sweden
	Johnson Matthey Formox AB	SE-284 80, Perstorp, Sweden
	Johnson Matthey & Brandenberger AG	Glatttalstrasse 18, 8052 Zurich, Switzerland
	Johnson Matthey Finance Zurich GmbH (in liquidation)	Glatttalstrasse 18, 8052 Zurich, Switzerland
	LiFePO4+C Licensing AG	Hertensteinstrasse 51, 6004 Lucerne, Switzerland
	Johnson Matthey Services (Trinidad and Tobago) Limited	Queen's Park Place, 17-20 Queens Park West, Port of Spain, Trinidad and Tobago
	Stepac Ambalaj Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Güzeloba Mah. Rauf Denktaş Cad., No.56/101, Muratpaşa/Antalya, Turkey

49 Related undertakings (continued)

Entity	Registered address
Johnson Matthey Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Hydrogen Technologies, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
Johnson Matthey Inc.[4]	Corporation Service Company, 2595 Interstate Drive, Suite 103 PA 17110, USA
Johnson Matthey Medical Device Components LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Process Technologies, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Stationary Emissions Control LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey USA Holdings Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Red Maple LLC (50.0%)[5]	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Veranova Parent Holdco L.P. (30.0%)[5]	1209 Orange Street, New Castle County, Wilmington, Delaware, 19801, USA

In some jurisdictions in which the group operates, share classes are not defined and in these instances, for the purpose of disclosure, these holdings have been classified as ordinary shares.

1. Ordinary and preference shares.
2. Ordinary and non-cumulative redeemable preference shares.
3. Limited partnership, no share capital.
4. Ordinary and series A preferred stock.
5. Joint Venture / Associate.

Other information

In this section

Basis of reporting – non-financial data

This integrated report has been prepared in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024. Our last annual report was published in June 2023. All non-financial performance data is reported on a financial year basis unless otherwise stated.

Johnson Matthey compiles, assesses and discloses non-financial information to demonstrate to its stakeholders that it conducts its business in an ethical, responsible and sustainable manner and where there is a legal obligation to do so (for example, in accordance with the UK Companies Act, UK Stream-lined Energy and Carbon reporting (SECR) regulations, UK Modern Slavery Act).

This report has been developed to incorporate the group's significant economic, environmental and social impacts and is set within the context of the United Nations Brundtland definition of sustainability (1987) and our own sustainable business goals to 2030. The principles of inclusivity, materiality and responsiveness help to shape the structure of the report and to set priorities for reporting. The report also explains how we continue to build sustainability into our business planning and decision-making processes and how, through our governance processes, we manage social, environmental and ethical matters across the group.

Performance data covers all sites that are under the financial control of the group, including all manufacturing, research and warehousing operations of Johnson Matthey Plc and its subsidiaries. Joint ventures where we have a minority share are not included.

For the purposes of reporting, separate businesses resident at the same location are counted as separate sites. Data from 76 sites was included in this report, 45 are manufacturing sites, 15 are R&D sites and 16 are offices. Data from new facilities is included from the point at which the facility becomes owned by JM and operational. Selected non-financial data has been third-party limited assured to ISAE 3000 (Revised) standard as described on page 216-218. Certain employee data is included in the financial accounts and is also subject to the financial data third-party audit described on page 133.

Rebaselining of previous years' data

During the year we divested several businesses as going concerns, including our Health, Advanced Glass Technologies and our Battery Materials businesses.

In accordance with the recommendations of the greenhouse gas (GHG) Protocol and SECR reporting guidance, we have removed their historical contribution to our operational KPIs for all years from 2019/20, which is our baseline for our 2030 sustainability targets. This specifically includes our historical data for Scope 1, 2 and 3 GHG emissions, water consumption, waste and emissions to air.

This report contains only rebaselined numbers.

Restatements of previous years' data in this report

In addition to rebaselining, there have been some restatements of data to account for improvements in methodology, coverage and quality of available data. JM's materiality threshold for variance is 5%. We have made restatements of environmental performance data for the following KPIs this year:

- Emissions for Scope 3 Category 4 restated due to refinement in methodology.
- Emissions for Scope 3 Category 6 restated due to improvements in methodology.
- Emissions for Scope 3 Category 8 restated due to refinements in data quality.
- NO_x, SO_x and VOCs coverage restated due to improvements in methodology.
- Recycled PGMs restated due to calculation refinements post 2021/22 ARA publication.
- Following a review of the methodologies for calculating process CH_4 emissions at our Savannah Site values have been restated for all years from baseline year (2019/20).
- Calculation for Scope 1 emissions from Natural Gas has been refined following the divestment of our West Deptford Pharmaceutical site in 2023. All data going back to baseline year has subsequently been amended.
- During the annual assurance process a source of water use at our Royston site was noted to be missing from data. This has been corrected and all data going back to baseline year has subsequently been amended.

Material Topics

In July 2022 we partnered with a third party to refresh our materiality assessment. They reviewed public domain opinions of our investors, customers and social media users, as well as interviewing leaders inside JM. Our material topics were identified as:

- Climate Change
- Air Emissions
- Water and wastewater
- Waste management
- Circularity and product innovation
- Health and Safety
- Human rights
- Diversity and inclusion
- Community impact
- Responsible sourcing
- Governance and risk management

These were approved at the SVC meeting in September 2022.

Calculation methodologies for Key Performance Indicators (KPIs) relating to our sustainability targets for 2030

Planet: Protecting the climate

Our goal: Drive lower global greenhouse gas (GHG) emissions

This KPI is a measure of the tonnes of GHG emissions avoided during the year by using technologies enabled by JM's products and solutions, compared to conventional offerings.

The KPI captures one year's impact for all qualifying technologies that have been operational during the year, as sold since 2020/21.

Our methodology for calculating avoided GHG emissions was developed in-house and independently verified by EcoActTM for all product families contributing towards our target to ensure it complies with industry best practice. EcoAct concluded that our approach complied with recognised public guidelines and considered our calculations to be both fairly stated and representative of a balanced view of our contribution in enabling avoided emissions through relevant technologies. EcoAct also determined that our calculations follow industry best practice for measurement. Their full statement is available on request.

For each qualifying JM technology solution, we first determine its functional unit. The functional unit is used to determine the boundary of the analysis, to ensure that the scope of the calculation covers the relevant life-cycle stages leading to the avoided emissions. Performance comparisons for our technology solution scenario are then made against identified reference scenarios, which represent current day, conventional technologies dominant in the market, which our emerging technologies are seeking to improve upon.

The following table gives examples of the JM technology solution families included in this KPI and the reference scenarios used for the calculations.

JM's technology solution	Functional unit	Reference scenario	Solution scenario
Sustainable Aviation Fuel/ Fischer-Tropsch	tonnes CO_2e / tonne jet fuel produced	Conventional fossil-based jet fuel	Jet fuel produced from municipal waste using Fischer Tropsch technology
Low Carbon Solutions (LCS)	tonnes CO_2e / tonne syngas produced	Syngas plant without LCS (powered by fossil fuels)	Syngas plant with LCS (powered by fossil fuels)
Hydrogen Electrolysers	tonnes CO_2e / TWh produced	Energy generated by natural gas combustion	Energy generated by electrolysers (in form of hydrogen) powered by 100% renewable electricity
Stationary electricity generation	tonnes CO_2e / TWh produced	Energy generated from fossil fuel sources (in the US)	Energy generated from hydrogen combustion (steam reforming process)
Non-road applications	tonnes CO_2e / TWh produced	Energy generated from fossil fuel sources (in the US)	Fuel cell powered forklifts in US market
Automotive – heavy and light duty	tonnes CO_2e / vehicle	Internal combustion engine – diesel vehicle	Fuel cell electric vehicle powered by average China electricity grid mix

The lifetime of the technology is also considered to discount any impacts from the sale of previous years' technologies if these are no longer operational and, where applicable, adjustments to capture changing performance over time are made.

No allocation between value chain partners is applied, since there are no established guidelines for this. However, our products and solutions are vital to realising the benefits of the technologies being used, and our KPI aims to accurately reflect JM's role, in that we enable avoided GHG emissions via the use of such technologies.

Technologies that were previously included in this metric from businesses that have been divested during the year (Battery Materials) have been removed from the calculation and historical years' performance re-baselined.

Basis of reporting – non-financial data continued

SASB Resource efficiency indicator

We have also identified revenues aligned to the SASB Chemicals Sustainability Accounting Standard definition of products designed for use-phase resource efficiency, which includes products that "through their use – can be shown to improve energy efficiency, eliminate or lower greenhouse gas (GHG) emissions, reduce raw materials consumption, increase product longevity, and/or reduce water consumption". Qualifying products are those that either:

- increase the efficiency of a product during its use phase (for example, our battery materials and fuel cell components); or
- increase the efficiency of the manufacturing process used to make a product (for example, our catalysts and additives for the chemical, oil and gas industries).

Products beyond the scope of this assessment include those specifically designed to meet environmental regulatory requirements, and any product where a use-phase resource efficiency benefit is unclear. Revenues aligned to the use-phase resource efficiency criteria represent sales excluding precious metals.

Our goal: Achieve net zero by 2040

Our operational carbon footprint is reported in tonnes of carbon dioxide equivalent (CO_2e) according to the GHG Protocol corporate standard 2015 revision, www.ghgprotocol.org and in with the UK Stream-lined Energy and Carbon Reporting (SECR) April 2019 requirements of the UK Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013.

Scope 1 GHG emissions

Our Scope 1 GHG emissions are generated by the direct burning of fuel (predominantly natural gas), performing chemical reactions in our manufacturing processes and driving company-owned or leased vehicles. They are calculated in tonnes CO_2e using conversion factors for each energy source as published by DEFRA in June 2023 and subsequently amended in January 2024 – we have used the amended version. We include carbon dioxide (CO_2), nitrous oxide (N_2O), refrigerant and methane (CH_4) process emissions to air in our Scope 1 calculations. We don't believe we have any material Scope 1 GHG emissions of PF5 and SF6. When calculating Global Warming Potentials (GWP) for our gaseous emissions of GHG we use the values published in the 6th AR from the Intergovernmental Panel on Climate Change (IPPC).

Scope 2 GHG emissions

Our Scope 2 GHG emissions arise from the use of electricity and steam procured from third parties for use at our facilities. They are calculated using the 'dual reporting' methodology outlined in the GHG Protocol corporate standard 2015 revision.

For the location-based method of Scope 2 accounting, for all facilities outside the US, we use national carbon intensity factors related to the consumption of grid electricity in 2021 made available in the 2023 edition of the world CO_2 emissions database of the International Energy Agency. They were purchased under licence in December 2023 for sole use in company reporting. For US facilities we use regional carbon factors published by the Environmental Protection Agency in January 2024 edition of, eGRID data 2022.

For the market-based method of Scope 2 accounting, we have applied the hierarchy of sources for determination of appropriate carbon intensity factors, as outlined in table 6.3 on page 48 of the GHG Protocol Scope 2 Guidance. We have successfully obtained carbon intensity factors directly from our grid electricity suppliers in the EU, US and Australia. However, it has not been possible to obtain this information from all suppliers in China, India, South Africa and non-OECD Europe.

Scope 3 GHG emissions

Our annual Scope 3 GHG emissions are reported according to the methodology of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. A variety of accounting techniques were used depending on the availability of data. All value chain emissions over which JM has financial control are included; therefore, our Scope 3 reporting does not include raw materials where JM is a toll manufacturer i.e. when raw materials used in our factories always remain in the financial ownership of our customer.

When calculating the GHG footprint of each Scope 3 category, our principle of using the most accurate data sources was applied in the following order:

- GHG footprint data obtained directly from value chain partners
- Mass based calculations using carbon intensity factors from respected databases, such as DEFRA's GHG reporting conversion factors and EcoInvent
- Financial allocation using Accenture's proprietary Input-Output (EEIO) model. This combines economic data from central banks and treasury departments with research data from the World Bank, OECD and other leading environmental agencies.

Scope 3 GHG category as defined by GHG Protocol	Calculation methodology
1. Purchased goods and services	Where mass of purchased goods was available, this was used in combination with GHG intensity factors obtained either from suppliers or EcoInvent. For the remaining goods and for purchased services a financial allocation (EEIO model) was used
2. Capital goods	Financial allocation (EEIO model) using geographical breakdown of data shown in Accounting note 11 "Property, plant & equipment" on page 168
3. Fuel- and energy-related activities	DEFRA's GHG reporting conversion factors 2023 were used to calculate well-to-tank GHG emissions from fuel usage, transmission and distribution losses from purchased electricity, and well-to-tank and transmission and distribution losses of energy from steam
4. Upstream transportation and distribution	Emissions data was provided by our suppliers where available. Otherwise, a financial allocation was made based on spend and intensity factors from the EEIO model
5. Waste generated in operations	Where GHG footprints were available from waste service providers they were used, otherwise DEFRA's GHG reporting conversion factors 2023 were used according to mass of waste disposal by destination see page 43

Basis of reporting – non-financial data continued

Scope 3 GHG category as defined by GHG Protocol	Calculation methodology
6. Business travel	Footprint business travel for air was obtained from our business travel service providers, where possible. For all other travel – related items, distance was preferentially used for personal car mileage, and airfare in combination with DEFRA's GHG reporting conversion factors 2023. Otherwise, a financial allocation was made for car rentals, hotel stay, and public transport based on expenses spend and intensity factors from the EEIO model. Accounting is by date of financial transaction report.
7. Employee commuting	Data is obtained through an annual employee survey of distance travelled per week by modes of transport. DEFRA's GHG reporting conversion factors 2023 are used to calculate the GHG intensity of each transport type and IEA emissions factors 2023 are used to calculate homeworking GHG intensity.
8. Upstream leased assets	Financial allocation (EEIO model) using floor space and geographical location
9. Downstream transportation and distribution	Where JM takes responsibility for the downstream distribution of goods, it was included in the upstream category calculation. Where our customers takes responsibility, no data is available
10. Processing of sold products	Where possible, calculations have been made using the mass of products sold and attributing an emissions conversion associated with a catalyst activation step by downstream customers for products requiring this. For Clean Air products, an emission factor associated with manual handling/canning was used in conjunction with a proportion of customer Scope 1 & 2 figures from CDP data.
11. Use of sold products	We have removed Use of sold products from our footprint by agreement with SBTi, as it determined that the emissions we reported in this category were 'indirect' and should not, therefore, be included.
12. End of life treatment of sold products	Given no visibility of the end-of-life treatment/use of JM products, the mass of sold products have been mapped against an emission factor associated with the recycling of PGMs to retain the precious metals, with remainder mass associated with GHG emissions for combustion of waste.
13. Downstream leased assets	Included in Upstream leased assets category
14. Franchises	JM does not have any franchises
15. Investments	GHG footprints from our Pensions trustee providers were used, where available, and scaled to represent JM's global employee count. Financial allocation (EEIO model) using geographical breakdown of investment revenues from each entity

Planet: Protecting nature and advancing the circular economy

Our goal: Conserve scarce resources

Our KPI to monitor how we are advancing the circular economy is a measurement of all % recycled platinum group metals in our manufactured goods on a mass basis.

We include use of five PGMs – platinum, palladium, rhodium, ruthenium and iridium in our target. This is defined as the weighted global average of all PGM sponge used to manufacture goods in our plants over the course of the reporting year and includes metal that is both sourced and funded by JM and metal sourced and funded by our customers. We define primary metal as metal from a mine or originating outside of the refining loop. This is measured by recording the amount of metal matching this description that has been used in product manufacturing over the given time-period.We define secondary or recycled metal as platinum-group metal-bearing material that has come from an end use (including post-consumer product scrap and waste materials) and has not come to JM in the form of ingot, concentrate or matte directly from a mining process.

This makes up the balance of metal that has been used in product manufacturing over the given time-period. Refining "intake" figures are based on estimated assays, based on the scrap etc that is sent in from customers and sampled, prior to the Refining process.

The assay amounts are finalised throughout the year, and adjustments are periodically made to the reporting figures to account for any differences between the original estimated numbers vs. the final numbers.

Our goal: Minimise our environmental footprint

Total hazardous waste produced

This KPI is a record of how much hazardous waste we generate from our operations that can no longer be used by Johnson Matthey and has to be sent off site for treatment. We define hazardous waste in line with local regulatory requirements in the particular territory where the waste is generated. For example, in Europe we consider the EU Waste Framework Directive (Directive 2008/98/EC of the European Parliament and of the Council). We measure the amount of solid and liquid hazardous waste and report in metric tonnes of material. We measure the total weights sent off site, including any entrained water, and we consider all material waste no longer of use to Johnson Matthey.

Basis of reporting – non-financial data continued

We categorise its destination in the following ways:

- Sent outside JM for beneficial reuse.
- Sent outside JM for recycling.
- Sent outside JM for incineration with energy recovery.
- Sent outside JM for incineration or treatment without energy recovery.
- Sent outside JM for landfill disposal.

Net water usage

This KPI is a record of how much water we withdraw through our operations.

The KPI includes all freshwater sources – mains supplied water that we receive from municipalities, public or private utility companies, ground water that is extracted from below the earth's surface and fresh surface water that we extract from rivers, wetlands, lakes etc. We do not include rainwater or any brackish surface water. We subtract any water that is returned to the source from which it is extracted at the same or better quality.

Freshwater consumed in regions of high or extremely high baseline water stress

We use the World Resource Institute's (WRI) Water Risk Atlas tool to identify facilities which are located in regions with a high or extremely high baseline water stress level.

People: Promoting a safe, diverse and equitable society

Definition of employees and contractors

These definitions are used when reporting the Health and Safety KPIs on page 45 of this report. For Employee headcount numbers, only Permanent and Temporary employees are counted as "Employees".

Reported as "Employees"

Permanent employees	Temporary employees	Agency employees
Continuously site based	Continuously site based	Continuously site based
Contract signed directly between JM and individual and paid regular salary and other benefits by JM	Fixed term contract signed directly between JM and individual. Paid regular salary and other benefits by JM	Person employed by an agency performing tasks that would normally be expected to be undertaken by a JM employee
Work is directly supervised by JM	Work is directly supervised by JM	Work is directly supervised by JM

Reported as "Contractors"

Outsourced function	Specialist service	Projects
Continuously or regularly site based	One-off project or regularly based on site	One-off project
Facility management – catering, cleaning or grounds maintenance; IT; and occupational health, where outsourced	Small scale building or ground works; repairing specialist plant or equipment; low level maintenance; small scale repairs to offices or other buildings; stack monitoring	Construction work, capital project work, major maintenance activities
Work is supervised by contractor and monitored by JM	Work is supervised by contractor and monitored by JM	Work is supervised by contractor and monitored by JM

Our goal: Keep people safe

Total recordable injury and illness rate (TRIIR) is defined as the number of recordable cases per 200,000 hours worked in a rolling year and includes cases affecting both our employees and contractors.

A recordable case (as defined under the US Occupational Safety and Health Administration (OSHA) Regulations) is defined as a work related accident or illness that results in one or more of the following: absence of more than one day; medical treatment beyond first aid; death; loss of consciousness and restricted work or transfer to another job.

$$\text{TRIIR} = \frac{\text{annual employee + temp + cont recordable injury/illness events} \times 200{,}000}{\text{annual employee + temp + cont hours worked}}$$

The OSHA severity rate is a calculation that gives a company an average of the number of lost days and restricted days per recordable incident.

$$\text{OSHA severity rate} = \frac{\text{Total lost days and restricted days in the year} \times 200{,}000}{\text{Total hrs worked during the year}}$$

Basis of reporting – non-financial data continued

Lost Time Case is a work-related injury or illness case that requires an employee to spend one or more full days away from work other than the day of injury or illness.

$$\text{Lost time injury frequency rate (LTIFR) employees} = \frac{\text{annual employee + temporary employees lost time injury events} \times 1{,}000{,}000}{\text{annual employee + temporary employees hours worked}}$$

$$\text{LTIFR contractors} = \frac{\text{annual contractor lost time injury events} \times 1{,}000{,}000}{\text{annual contractor hours worked}}$$

$$\text{Occupational illness frequency rate (OIFR)} = \frac{\text{annual employee + temporary employees occupational illness events} \times 1{,}000{,}000}{\text{annual employee + temporary employees hours worked}}$$

The process safety event severity rate (PSESR) is measured according to the methodology approved by International Council of Chemical Associations (ICCA). The metric first requires a determination that the event is to be included in the process safety event severity rate (PSESR) calculation and then determining the severity using the severity table.

In determining this rate, 1 point is assigned for each Level 4 incident attribute, 3 points for each Level 3 attribute, 9 points for each Level 2 attribute, and 27 points for each Level 1 attribute. The PSESR is recorded as a 12 month rolling number. Total worker hours include employees, temporary employees and contractors.

Theoretically, a process safety event could be assigned a minimum of 1 point (i.e. the incident meets the attributes of a Level 4 incident in only one category) or a maximum of 135 points (i.e. the incident meets the attributes of a Level 1 incident in each of the five categories).

ICCA process safety event severity rate (Level 1 to Level 4) =
Total severity score for all events per 200,000 hrs worked during the year

A Tier 1 Process Safety Event (T-1 PSE) is a loss of primary containment (LOPC) with the greatest consequence as defined by American Petroleum Institute recommended practice (RP) 754.

$$\text{Tier 1 rate} = \frac{\text{annual Tier 1 process safety events} \times 1{,}000{,}000}{\text{total annual hours worked}}$$

Our goal: Create a diverse, inclusive and engaged company

Employee Engagement

All permanent and fixed term contract employees are invited to voluntarily complete an employee survey at regular intervals to determine the engagement and wellbeing of staff using a standard methodology defined by Workday Peakon – an independent third party used by companies globally. All responses are submitted confidentially to Workday Peakon and results are independently analysed and shared with all managers who met the minimum response threshold of five responses from their team.

For reporting we use the latest survey available at the end of the fiscal year. Engagement level is tracked at both the Annual Survey and the Pulse Surveys, where the latter is a subset of questions asked to all JM employees.

Through the surveys we measure attributes on a scale of 0 to 10. The surveys measure employee engagement through three questions:

1. to what extent they would recommend JM as employer to others,
2. to what extent they intend to stay with JM,
3. in general how satisfied they are with their employment at JM.

Female representation across all management levels

This is the percentage of all management level employees (all employees whether they are a people manager or not, at a minimum compensation grade) who self-disclosed as female on the 31st March in the reporting year.

For the purposes of reporting, we use the identifiers 'female' and 'male' for the category of gender as captured in our HR system. Gender is self-disclosed by the individual.

Invest in our local communities

We record the total number of employee volunteering days undertaken by permanent employees within their local communities, in accordance with JM's global Employee Volunteering Policy. The volunteering is recorded in days, the recorded volunteering days may have been completed either on company time or on paid company leave. Volunteering done on unpaid leave, or outside normal working hours, is not included in the reported numbers. In determining the in-kind contribution of employees' volunteering we take the number of volunteering days reported in the year and multiply it by the group average cost of one day of employee time.

Calculation for indirect expenditure in community investment

Number of working days in a year is five days per week for 50 weeks per year.

$$\text{Average cost of one day of employee time} = \frac{\text{Total employee benefits expense in year}}{\text{Number of working days in year} \times \text{Average number of permanent employees}}$$

Independent Limited Assurance Report to Johnson Matthey PLC

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Johnson Matthey plc ("Johnson Matthey") to provide limited assurance in relation to the selected information set out below and presented in the Johnson Matthey Annual Report and Accounts 2024 and Sustainability Performance Databook 2024 (together the "Reports").

Engagement summary

Scope of our assurance engagement	Whether the 2023/24 selected information as indicated in the following Selected Information table are fairly presented in the Reports, in all material respects, in accordance with the reporting criteria. Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Reports.
Reporting period	1st April 2023 – 31st March 2024.
Reporting criteria	• The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and Scope 2 GHG emissions • The GHG Protocol Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions • The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) for Scope 3 GHG emissions • Occupational Safety and Health (OSHA) regulations • Johnson Matthey' Basis of reporting –non-financial data found in the 'ther information' section of Johnson Matthey's Annual Report and Accounts 2024
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and in accordance with ISAE 3410 for Greenhouse Gas data issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Johnson Matthey is responsible for preparing the Reports and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information. ERM CVS' responsibility is to provide a conclusion to Johnson Matthey on the agreed scope based on our engagement terms with Johnson Matthey, the assurance activities performed and exercising our professional judgement.

Our conclusion

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the 2023/24 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Reports, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected information;
- Interviewing management representatives responsible for managing the selected issues;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures;
- Reviewing a sample of qualitative and quantitative evidence supporting the reported information at corporate level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated 2023/24 group data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting in person site visits to six Johnson Matthey facilities; JM Testing Taylor (MI, USA), Royston R&CE (UK), Swindon (UK), Panki (India), Perstorp (Sweden) and CA Zhangjiagang (China), to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Reports to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

For the total Scope 1 and 2 carbon intensity (market-based) and year-on-year change in Scope 1 and 2 carbon intensity metrics, we reviewed the accuracy of the calculation based on the final, assured scope 1 and 2 data and the tonne sales figure for 2023/24 provided by Johnson Matthey. We did not separately assure the tonne sales used in the calculation of these metrics.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Johnson Matthey in any respect.

Gareth Manning
Partner, Corporate Assurance

ERMCVS

London, United Kingdom
22nd May 2024

On behalf of:
ERM Certification and Verification Services Limited

Selected Information table

Metric name	Unit of Measure	2023/24 total figure
Total Scope 1 GHG emissions	tonnes CO_2e	215,429
Total Scope 2 GHG emissions (market-based)	tonnes CO_2e	66,974
Total Scope 2 GHG emissions (location-based)	tonnes CO_2e	196,812
Total Scope 1 and 2 GHG emission (market-based)	tonnes CO_2e	282,403
Total Scope 1 and 2 carbon intensity (market-based)	tonnes CO_2e/tonne sales	2.6
Year on year change in Scope 1 and 2 carbon intensity	%	-18%
Total energy consumption	MWh	1,211,683
Total non-renewable energy consumption	kWh	936,278,140
Total renewable energy purchased or generated	kWh	275,404,458
Certified renewable electricity consumption	%	57%
Total Scope 3 (Category 1) Purchased Goods and Services GHG emissions	tonnes CO_2e	2,531,576
Total Scope 3 (Category 3) Fuel and Energy-related GHG emissions	tonnes CO_2e	38,687
Total freshwater withdrawal (all sources)	m^3	1,791,727
Total water discharged back to original source	m^3	36,477
Net freshwater consumption	000's m^3	1,755
Freshwater consumed in regions of high or extremely high baseline water stress	000's m^3	402
Average direct Chemical Oxygen Demand of wastewater (COD)	mg/L	264
Coverage for COD reporting	%	90%
Total waste recycled/reused	tonnes	37,610
Total waste sent off site to landfill	tonnes	3,338
Total waste sent offsite for incineration with energy recovery	tonnes	1,213
Total waste sent offsite for incineration or treatment without energy recovery	tonnes	23,064

Metric name	Unit of Measure	2023/24 total figure
Total waste sent off site	tonnes	65,225
Total hazardous waste recycled/reused	tonnes	25,263
Total hazardous waste sent off site to landfill	tonnes	1,373
Total hazardous waste sent offsite for incineration with energy recovery	tonnes	201
Total hazardous waste sent offsite for incineration or treatment without energy recovery	tonnes	15,463
Total hazardous waste sent off site for treatment	tonnes	42,300
Total solid waste disposed off site	tonnes	3,571
Total solid waste generated for treatment off site	tonnes	15,257
Total solid waste sent off site to be reused or recycled	tonnes	11,687
Nitrogen oxides (NOx) emissions to air	tonnes	318
Sulphur oxides (SOx) emissions to air	tonnes	36
Volatile organic chemicals (VOCs) emissions to air	tonnes	45
Coverage for NOx reporting	%	88%
Coverage for SOx reporting	%	68%
Coverage for VOCs reporting	%	80%
Tonnes of GHGs avoided by using JM technology	tonnes	1,110,057
% of recycled PGMs (Platinum Group Metals) in JM manufactured products	%	69%
Lost Time Injury Frequency Rate (LTIFR) employees	n/million hrs	0.84
Lost Time Injury Frequency Rate (LTIFR) contractors	n/million hrs	0.95
Occupational Illness Frequency Rate (OIFR)	n/million hrs	0
Tier 1 Process Safety events rate	Tier 1 events/1,000,000 hrs	0.11
Total Recordable Injury and Illness Rate(TRIIR) employees + contractors	n/200,000 hrs	0.36
ICCA Process Safety Event Severity Rate (PSESR)	PSESR/200,000 hrs	0.88
% of female representation at all management levels		30%

Shareholder information

Key shareholder facts

Johnson Matthey share price as at 31st March

2019	2020	2021	2022	2023	2024
3,142p	1,798p	3,013p	1,879p	1,983p	1,789p

By location

	Number of shares[1]	Percentage
UK and Eire	112,400,762	61.11%
USA and Canada	30,910,176	16.80%
Continental Europe	33,289,382	18.10%
Asia Pacific	3,630,755	1.97%
Rest of World	3,069,310	1.67%
Unidentified	639,586	0.35%
Total	183,939,971	100.00%

By size of holding

	Number of holdings	Percentage of holders	Percentage of issued capital[1,2]
1 – 1,000	3,704	76.59%	0.58%
1,001 – 10,000	865	17.89%	1.26%
10,001 – 100,000	145	3.00%	2.91%
100,001 – 1,000,000	79	1.63%	15.25%
1,000,001 – 5,000,000	34	0.70%	34.69%
5,000,001 and over	9	0.19%	45.31%
Total	4,836	100.00%	100.00%

By category

	Number of shares[1]	Percentage
Investment and unit trusts	90,876,630	49.40%
Pension funds	13,401,272	7.29%
Individuals	90,694	0.05%
Custodians	31,247,414	16.99%
Insurance companies	11,503,737	6.25%
Sovereign wealth funds	12,367,273	6.72%
Charities	287,343	0.16%
Other	24,165,608	13.14%
Total	183,939,971	100.00%

Dividend – pence per share

	2019	2020	2021	2022	2023	2024
Interim	23.25	24.50	20.00	22.00	22.00	22.00
Final	62.25	31.125	50.00	55.00	55.00	55.00
Total ordinary	85.5	55.625	70.00	77.00	77.00	77.00

1. Issued share capital balances exclude treasury shares of 9,649,874.
2. The size of holding figures as a percentage of the issued share capital are approximate due to the liquidity of the register.

The Board is proposing a final dividend for 2023/24 of 55.00 pence, to take the total for the year to 77.00 pence.

Shareholder information continued

Electronic communications

We're encouraging our shareholders to receive their shareholder information by email and via our website. This allows us to provide you with information quicker and helps us to be more sustainable by reducing paper and printing materials.

To register for electronic shareholder communications, visit our registrar's website shareview.co.uk.

Dividends

Dividends can be paid directly into shareholders' bank or building society accounts. This allows you to receive your dividend immediately and is cost-effective for the company. To take advantage of this, please contact Equiniti via shareview.co.uk or complete the dividend mandate form you receive with your next dividend cheque. A Dividend Reinvestment Plan is also available which allows shareholders to purchase additional shares in the company.

Matthey.com

You can find information about the company quickly and easily on our website matthey.com. Here you will find information on the company's current share price together with copies of the group's full-year and half-year reports and major presentations to analysts and institutional shareholders.

Enquiries

Shareholders who wish to contact Johnson Matthey Plc on any matter relating to their shareholding are invited to contact the company's registrars, Equiniti Limited. Their contact details are included below. Equiniti also offer a share dealing service by telephone: 0345 603 7037 or online shareview.co.uk/dealing.

By phone: +44(0)371 384 2344 Please use the country code when calling from outside the UK. When you call, please quote your 11-digit Shareholder Reference Number.

Telephone lines are open 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales.

By post: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Online: shareview.co.uk

Shareholders may also contact the company directly using the details below.

By phone: +44 20 7269 8000

By email: jmir@matthey.com

By post: The Company Secretary, Johnson Matthey Plc, 5th Floor 25 Farringdon Street, London EC4A 4AB

American Depositary Receipts

Johnson Matthey has a sponsored Level 1 American Depositary Receipt (ADR) programme which BNY Mellon administers and for which it acts as Depositary. Each ADR represents two Johnson Matthey ordinary shares. The ADRs trade on the US over-the-counter (OTC) market under the symbol JMPLY. When dividends are paid to shareholders, the Depositary converts those dividends into US dollars, net of fees and expenses, and distributes the net amount to ADR holders.

For enquiries, BNY Mellon can be contacted on 1-888-BNY-ADRS (1-888-269-2377) toll free if you are calling from within the US. Alternatively, they can be contacted by e-mail at shrrelations@cpushareownerservices.com or via their website at www.adrbnymellon.com.

Financial calendar 2024

6th June

Ex dividend date

7th June

Final dividend record date

18th July

Annual General Meeting (AGM)

6th August

Payment of final dividend subject to the approval of shareholders at the AGM

27th November

Announcement of results for the six months ending 30th September 2024

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Johnson Matthey
Inspiring science, enhancing life

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