
SMITHS FINANCE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2020**

Introduction

Smiths Finance Limited (the "Company") is a financing Company and a wholly-owned subsidiary of Smiths Group International Holdings Limited which is itself wholly-owned by Smiths Group plc, (the "Group").

Business review

The Company has generated a loss of £14m (2019: profit £43m) in the year, primarily from interest received on its loans and the effect of the variance of the exchange rates. Interest receipts totalled £11m (2019: £15m) offset by exchange losses of £25m (2019: gains £28m).

The Company has decreased the value of its intra-group loans receivable to £334m (2019: £407m) as per "Amounts owed by group undertakings" in note 8.

No changes in the activities of the Company are expected in the coming financial year.

Principal risks and uncertainties

The directors of Smiths Group plc manage the Smiths Group risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of Smiths Finance Limited. See the Smiths Group plc Annual Report and Accounts pages 67 to 78 for a description of the Smiths Group plc risk management and key risks.

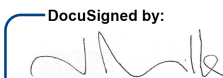
Financial risk management

Financial risks are managed on a Group basis. See the financial instruments note in the Annual Report of Smiths Group plc for details of how the Group manages foreign exchange risks, interest rate risks, credit risks and liquidity risks.

Key performance indicators

The directors of Smiths Group plc manage the Group's operations on a consolidated basis using divisional KPIs. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate. The development, performance and position of Smiths Group plc is discussed in the Strategic Report section of the Group's Annual Report which does not form part of this report.

This report was approved by the board on 23 April 2021 and signed on its behalf.

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J M Mills
Director