

SMITHS GROUP PLC – HALF YEAR RESULTS FOR 6 MONTHS ENDED 31 JANUARY 2026

*Pioneers of progress – engineering a better future***Excellent strategic progress, strengthening focus on higher growth and margin**

- **Excellent progress on strategic actions to reshape the portfolio:**
 - Sales of Smiths Interconnect and Smiths Detection agreed at attractive valuations for a combined enterprise value of £3.3bn, ahead of market expectations
 - Smiths Interconnect approaching completion; Smiths Detection on track to close in second half of CY2026
- **Disciplined capital allocation delivering enhanced shareholder returns plus growth accretive M&A:**
 - Current CY2026 £1bn share buyback underway, following completion of CY2025 £500m buyback in December
 - Announcing today, a further £1.5bn to be returned to shareholders via a combination of structured return (tender offer or special dividend) and share buyback through CY2027, to commence following completion of Smiths Detection sale
 - Dividend +5.4% to 15.00p, continuing track record of dividend growth
 - Agreement signed in March to acquire DRC Heat Transfer for £164m, extending Flex-Tek's offering into industrial cooling technologies with exposure to high growth markets, including data centres
- **Solid financial performance, with positive Q2 momentum into the second half:**
 - Group¹ delivered +4.0% organic² revenue growth; headline³ operating profit margin +50bps to 17.2%
 - John Crane: mid-single digit growth in Q2; order book underpins continuing momentum into the second half with mid-single digit growth expected
 - Flex-Tek: continuing strong growth in aerospace, offset by weakness in construction reflecting the continued challenging US construction market
 - Smiths Detection: conversion of strong order book, with growth driven by aviation
- **FY2026 outlook updated for Smiths to exclude Smiths Detection:**
 - Expect organic² revenue growth of 3-4%, with H2 growth within medium-term 5-7% target range and operating profit margin of ~20%, progressing towards 21-23% target range

Headline ³	HY2026	HY2025	Reported	Organic ²
Group¹				
Revenue	£1,437m	£1,406m	+2.2%	+4.0%
Operating profit	£248m	£234m	+5.6%	+7.2%
Operating profit margin ⁴	17.2%	16.7%	+50bps	+50bps
Continuing operations: Smiths¹				
Revenue	£915m	£924m	(1.0)%	+0.4%
Operating profit	£181m	£181m	(0.1)%	+1.6%
Operating profit margin ⁴	19.8%	19.6%	+20bps	+20bps
Total Group¹				
Basic EPS	62.0p	55.5p	+11.7%	+8.4%
ROCE ⁴	18.4%	17.1%	+130bps	
Operating cash conversion ⁴	78%	94%	(16)pps	
Statutory	HY2026	HY2025	Reported	
Revenue	£915m	£924m	(1.0)%	
Operating profit	£159m	£167m	(4.8)%	
Profit for the year (after tax)	£131m	£168m	(22.0)%	
Basic EPS	40.3p	48.8p	(17.4)%	
Dividend per share	15.00p	14.23p	+5.4%	

Statutory reporting and definitions

Statutory reporting takes account of all items excluded from headline performance. See accounting policies for an explanation of the presentation of results and note 3 to the financial statements for an analysis of non-headline items. The following definitions are applied throughout the financial report:

¹ Group refers to the combination of John Crane, Flex-Tek (including certain general industrial businesses) and Smiths Detection; Total Group also includes Smiths Interconnect. Smiths and/or continuing operations refers to the combination of John Crane and Flex-Tek (i.e. excludes Smiths Detection, Smiths Interconnect and certain Flex-Tek general industrial businesses, see page 3 and note 16).

² Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions.

³ Headline: In addition to statutory reporting, the Group reports on a headline basis. Definitions of headline metrics, and information about the adjustments to statutory measures, are provided in note 3 to the financial statements.

⁴ Alternative Performance Measures (APMs) and Key Performance Indicators (KPIs) are defined in note 19 to the financial statements.

Roland Carter, Chief Executive Officer, commented:

“The first half was important for Smiths with the announcement of the transformational sale of Smiths Detection and Smiths Interconnect, achieving multiples above market expectations and ahead of schedule.

“2026 is a significant year of progress as we reposition Smiths towards higher growth and higher returns markets. We delivered increased momentum in the second quarter, and our strong order book supports an improved second-half performance.

“Following the completion of the disposals, Smiths will be a focused, premium industrial engineering company. Our strategy is delivering significant value and supporting enhanced, sustainable returns, alongside our continued investment into Smiths, and commitment to a further £1.5bn of returns to shareholders.

“During a period of considerable change, I want to recognise our colleagues’ continued dedication to delivering for our customers, living our Values, and fulfilling our purpose.”

Presentation

A webcast presentation and Q&A will begin at 08.00 (UK time) today at: <https://smiths.com/investors/results-reports-and-presentations>. A recording will be available from 13.00 (UK time).

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About Smiths

For 175 years, we have been pioneers of progress, engineering a better future. Our strategy is to be a focused, efficient and value creating industrial engineering company operating in the attractive and growing market segments of energy, industrials, construction and aerospace.

We focus on solving the toughest problems for our customers, helping address critical global needs such as decarbonisation and the ever-increasing demand for process and energy efficiency.

We are pioneers of progress. Engineering a better future, we drive efficiency for customers in mission-critical situations.

We are united by our purpose. It is what we do, how we think, and how we will continue to use our passion for innovative engineering. For more information visit www.smiths.com

Legal Entity Identifier (LEI): 213800MJL6IPZS3ASA11

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and/or current expectations of Smiths Group plc and its subsidiaries and those of their respective officers, directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies, and the businesses operated by the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. The Company and its directors accept no liability to third parties. This document contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

UPCOMING EVENTS

Date	Event
2 April 2026	Interim Ex-Dividend Date
7 April 2026	Interim Dividend Record Date
13 May 2026	Interim Dividend Payment Date
21 May 2026	Q3 Trading Update

SUMMARY

The first half of FY2026 was a period of excellent strategic progress for Smiths, with the strong execution of the value-accretive sales of Smiths Interconnect and Smiths Detection.

As a result of these changes to the Smiths portfolio, we have updated our guidance for FY2026 to exclude Smiths Detection which is now classified as discontinued operations. Our guidance reflects momentum building in John Crane in the second quarter supported by a strong and growing order book, alongside continuing weakness in the US construction market impacting Flex-Tek.

In line with our commitment to return a large portion of sale proceeds to shareholders, today we are announcing plans to return an additional £1.5bn via a combination of a structured return (tender offer or special dividend) and further buyback programme utilising proceeds from the sale of Smiths Detection, to commence post sale completion. This planned return of capital is in addition to the CY2026 £1bn buyback that is underway.

In March, we announced the acquisition of DRC Heat Transfer ('DRC') for £164m, broadening Flex-Tek's offering and expanding into higher growth adjacencies.

We are rapidly repositioning Smiths as a focused premium industrial engineering company, aligned to structural megatrends, supported by an enhanced emphasis on innovation, operational excellence, a high-performing culture and our Smiths Values, to drive long-term value for all stakeholders.

STRATEGY UPDATE

Smiths Interconnect and Smiths Detection sales announced and on track for completion in CY2026

In October, we announced the sale of Smiths Interconnect to Molex Electronic Technologies Holdings, LLC for £1.3bn enterprise value representing a 15.1x multiple of FY2025 headline EBITDA. In December, we announced the sale of Smiths Detection to CVC Capital Partners for £2.0bn enterprise value representing a 16.3x multiple of FY2025 headline operating profit and 12.5x headline EBITDA. Both transactions were executed at highly attractive multiples, demonstrating the quality of the businesses and the quality of execution.

The separation processes and regulatory clearances for both transactions are progressing well. Smiths Interconnect is approaching completion and we remain on track to complete the sale of Smiths Detection in the second half of this calendar year.

As part of our strategy to refine and high-grade the portfolio, a decision has been taken to divest parts of the Flex-Tek industrial portfolio and allocate capital to higher growth and higher margin market sub-segments. This has resulted in the proposed exit of certain general industrial businesses within Flex-Tek, improving the growth prospects and the margin profile of Flex-Tek. In HY2026, these businesses contributed £25m to revenue with a £2m operating loss (FY2025: £54m revenue and £5m loss) and are now reported as discontinued operations in the presentation of the half year results.

Enhanced returns to shareholders

The reshaping of our portfolio has enabled enhanced returns to shareholders. Following the completion of the FY2025 £500m share buyback programme in December, a new CY2026 £1bn programme was launched, delivering on our commitment to return a large portion of the proceeds from the sale of Smiths Interconnect. In the first half, we executed £180m and to date a further £127m has been executed, with the programme on track for £600m to be completed by the end of the fiscal year.

Following the close of the Smiths Detection transaction, we intend to return £1.5bn of the cash proceeds. The precise mechanics and timing will be announced closer to the time, and we expect to return proceeds using a combination of a structured return (either tender offer or special dividend) with an on-market share buyback programme to run from completion of the current £1bn programme through calendar year 2027. The approach of returning a large portion of disposal proceeds to shareholders reflects our disciplined approach to capital allocation, the intent to operate an efficient balance sheet whilst retaining a solid investment grade credit rating.

Focused on sustainable growth pillars aligned with structural megatrends

The actions we have taken create a focused Smiths, with clear strategic priorities, a strong financial profile of sustainable growth, structurally higher margin and returns, with good cash conversion.

Our two businesses, John Crane and Flex-Tek, specialise in high-performance products and solutions that are positioned in sub-segments of highly attractive and growing markets. Trends in these markets underpin a market compounded annual growth rate forecast of 4-5% over the next decade. We are positioned to leverage the underlying trends in our markets to drive outperformance and deliver our enhanced medium-term target of 5-7% organic revenue growth through cycle.

- **John Crane**

- **Flow control** (60% of Smiths revenue) – John Crane has a leading position in industrial flow control focused on highly-engineered mechanical seals and associated products and aftermarket services. It serves a large and growing addressable market supported by rising energy demand and a focus on industrial process efficiency and emissions control. Its leading technologies, attractive aftermarket model servicing an extensive installed base, global service network, advanced capabilities in manufacturing and test and expertise in supporting customers with uptime, safety and reliability are key competitive strengths from which to drive above-market growth.

- **Flex-Tek**

- **Construction** (19%) – Flex-Tek’s multi-ducting and tubing portfolio has been expanded and enhanced through acquisition over the past five years, establishing itself as one of the few nationwide players in a predominantly regional US market. With a strong focus on market penetration and innovation alongside deep distributor relationships, the business is well positioned to deliver growth as the US housing market recovers, and new capacity is added to address the North American market’s housing deficit.
- **Thermal Solutions** (9%) – Flex-Tek’s industrial heat business has been enhanced with the acquisitions of Wattco and the recently-announced DRC, expanding the product offering into the medium-heat market and cooling solutions, respectively. With the structural growth trends of industrial electrification, expansion in data centres and power generation underpinning demand, Flex-Tek’s thermal solutions business is well positioned to deliver sustainable growth with its expanded product portfolio and customised approach to working with customers.
- **Aerospace** (12%) – Flex-Tek is well positioned for strong growth in the commercial and defence aerospace market with its fluid and gas conveyance solutions for airframe and jet engine manufacturers. Its flexible hosing and rigid tubing products and growing aftermarket business, coupled with its global footprint and agility to create strong customer relationships, position Flex-Tek as a critical supplier in the sector, where surging commercial air travel demand and increased defence spending is driving new aircraft orders and underpinning strong growth.

Across both businesses, expectations for above market growth are underpinned by a combination of leading brands, commercial excellence, innovation, disciplined pricing, and expansion into high-growth adjacencies:

- **Leveraging our portfolio of leading businesses** – driving growth through deep and lasting ways of working with customers supported by our leading product and aftermarket expertise to deliver customised solutions for their key challenges, delivering value-add for both parties. Key examples in the first half include:
 - John Crane signed a multi-year global framework agreement with a major energy company to improve equipment reliability and standardise performance across their global operations;
 - In Flex-Tek, the aerospace business extended its near 30-year relationship with the Indian Space Research Organisation to supply advanced space-enabled products for their high-altitude ground test rigs;

- **Commercial excellence** – enhancing operational processes, for example the recent automation and new machining capacity upgrades at John Crane is now allowing us to better react to customer requirements with improved delivery and lead times to capture orders, and drive value-add for us and our customers;
- **Innovation and new product development** – delivering new products and services that our customers value. Examples in the first half include the roll-out of John Crane’s Type 93AX Coaxial Separation Seal, and the launch of its Performance Plus modular service offering, deploying John Crane’s aftermarket expertise to advise and partner with customers and capture a greater share of the aftermarket;
- **Pricing** – continuing to ensure we capture price that reflects the value we deliver for our customers, and we continued to deliver pricing above inflation in the first half;
- **Market adjacencies** – targeting higher growth and higher margin market sub-segments, with a recent example being the acquisition of DRC in Flex-Tek, which provides new market access opportunities to cross-sell our existing product lines to a wider customer base, adding to organic growth.

Margin expansion drivers

We have several levers supporting our margin expansion plan towards our medium-term target of 21-23% operating profit margin:

- **Operating leverage** – drive a higher contribution margin as we grow revenue and build scale whilst continuing to invest in RD&E (research, development and engineering);
- **Operational excellence** – Group-wide programme of continuous improvement, investment in leading manufacturing, test and automation capabilities, Smiths Excellence and the application of VAVE (value analysis and value engineering) supported the first half margin improvement;
- **Acceleration Plan** – the initiatives to drive productivity and capability enhancements delivered benefits for Smiths of £8.6m in the first half and we remain on track for the full annualised benefits to be delivered in FY2027, and beyond; and
- **Portfolio** – capturing higher margin segments of our chosen markets, as well as high-grading the portfolio towards higher growth and returns, as demonstrated by the decision to exit certain lower margin Flex-Tek general industrial businesses and the focus within John Crane on capturing a greater share of higher margin aftermarket revenue.

Disciplined capital allocation

In support of our medium-term targets, our capital allocation strategy will continue to prioritise disciplined investment for growth, both organically and inorganically, and deliver enhanced returns to shareholders. Our intent is to maintain a solid investment grade credit rating, and we will balance this alongside our desire to have an efficient balance sheet. The issuance of a €650m bond during the first half supported this approach. Leverage at the end of the first half was 1.2x net debt to EBITDA with the net proceeds of the divestments still to be received, ensuring our balance sheet is well positioned to support ongoing organic and inorganic investment.

Organic investment in RD&E for Smiths was 3.5% of revenue in the half. John Crane’s investment focuses on enhancing the efficiency, performance and sustainability of heavy-duty seals for traditional applications, as well as for carbon capture and hydrogen, alongside gas compression and filtration new product developments. Flex-Tek continues to extend its Blue Series product programme, as well as improve both product performance and manufacturing efficiency.

On the acquisition front, in March, an agreement was signed to acquire DRC for a purchase price of £164m, representing a multiple of 10x adjusted EBITDA for the calendar year 2025. DRC is a US-based designer and manufacturer of custom heat transfer and cooling solutions, primarily for the power generators used in data centres, and will be integrated into Flex-Tek’s industrial heat business. The acquisition is consistent with the strategy of building into high growth adjacencies and will enable Flex-Tek to serve a wider customer group in fast-growing end markets through DRC’s products and solutions that are additive to Flex-Tek’s existing portfolio, enabling cross-selling opportunities within its thermal solutions business.

FY2026 outlook – continuing operations

Following the reclassification of Smiths Detection as discontinued operations, we have updated our FY2026 outlook for continuing operations, i.e. the combination of John Crane and Flex-Tek.

We expect FY2026 organic revenue growth of 3-4%, with stronger momentum in the second half and expect H2 growth within our medium-term 5-7% target range.

- Improving growth for John Crane follows a stronger second quarter, with growth of mid-single digits providing momentum into the second half. Further supported by a strong order book in both OE and aftermarket, which gives us visibility through FY2026, and underpinned by the now fully implemented investments in advanced manufacturing and testing capabilities, we expect second half growth to be at a similar level to the second quarter;
- Expectations for the second half in Flex-Tek reflect strong growth in aerospace, with good order book visibility, and continuing weakness in the US construction market.

We expect to make positive progress towards our medium-term operating profit margin target through operating leverage, the benefits of the Acceleration Plan and continued Smiths Excellence efficiency savings, with FY2026 headline operating margin expected to be ~20%.

The Acceleration Plan updated for Smiths is expected to deliver £30-35m of annualised benefits in FY2027, and beyond, with around half expected in FY2026, for £40-45m of total cost.

We expect headline operating cash conversion in the low-to-mid-nineties percent.

In respect of the Iran conflict, we are prioritising the safety of our people who work in the region. We continue to monitor the potential size and duration of any impacts on performance which are not incorporated into our current guidance. In HY2026, the Middle East region contributed c.7% of revenue for Smiths, primarily John Crane.

HY2026 BUSINESS PERFORMANCE

	Prior FY2026 guidance	Group HY2026 outcome
Organic revenue growth	4-6%	+4.0%
Headline operating profit margin	Continuing margin expansion	+50bps to 17.2%
Headline operating cash conversion	Mid-nineties percent	78%

Group revenue increased +4.0% on an organic basis and +2.2% on a reported basis to £1,437m (HY2025: £1,406m). This included £(36)m of negative foreign exchange translation and a +£12m contribution from the acquisitions of Modular Metal Fabricators, Inc ('Modular Metal'), Wattco, Inc ('Wattco'), Duc-Pac Corporation ('Duc-Pac') in FY2025.

£m	HY2025	Foreign exchange	Acquisitions	Organic movement	HY2026
Revenue (Group)	1,406	(36)	12	55	1,437
Revenue (Smiths)	924	(25)	12	4	915

Revenue from continuing operations increased +0.4% on an organic basis and declined (1.0)% on a reported basis, with +2.0% organic revenue growth in John Crane and the contribution from acquisitions partly offset by a (2.0)% organic revenue decline in Flex-Tek and a (2.8)% impact from foreign exchange translation.

Organic revenue growth (by business)	H1 2025	H2 2025	HY2026
John Crane	+3.8%	+2.2%	+2.0%
Flex-Tek	+3.0%	+7.1%	(2.0)%
Smiths (continuing operations)	+3.5%	+4.1%	+0.4%
Smiths Detection	+15.3%	+15.1%	+11.7%
Flex-Tek general industrial	(3.2)%	(4.6)%	(5.2)%
Group	+6.9%	+7.5%	+4.0%

- **John Crane's** growth was led by good sales in energy markets, especially in aftermarket and overall, it saw a sequential quarterly advancement in performance with mid-single-digit second quarter growth. This reflected delivery of its order book, which continues to expand, alongside an improvement in operational execution following the machining capacity investments;
- **Flex-Tek** saw continued growth in aerospace reflecting ongoing new build programmes, more than offset by the impact of the weak US construction market on HVAC revenue, and lower revenue from thermal solutions largely reflecting the impact from customer destocking of heat kits;
- **Smiths Detection's** growth reflected notable strength in aviation as the airport checkpoint upgrade programmes continued, together with strong growth in Other Detection Systems.

Group headline operating profit rose to £248m (HY2025: £234m); +7.2% (+£17m) on an organic basis, and +5.6% (+£14m) on a reported basis. Acquisitions contributed £3m to operating profit and were accretive to margin.

For continuing operations, headline operating profit of £181m (HY2025: £181m) was +1.6% higher organically and flat on a reported basis.

£m	HY2025	Foreign exchange	Acquisitions	Organic movement	HY2026
Headline operating profit (Group)	234	(6)	3	17	248
Headline operating profit margin (Group)	16.7%	(10)bps	10bps	50bps	17.2%
Headline operating profit (continuing operations)	181	(6)	3	3	181
Headline operating profit margin (continuing operations)	19.6%	(10)bps	10bps	20bps	19.8%

Group headline operating profit margin was 17.2%, up +50bps on both an organic and a reported basis. This reflected the impact of volume, benefits of efficiency savings, including Smiths Excellence, partially offset by product and business mix, and the impact of tariffs.

Continuing operations headline operating profit margin was +20bps higher on both an organic and a reported basis at 19.8%, demonstrating steady progress towards the medium-term target range of 21-23%.

Headline operating profit margin (by business)	HY2025	HY2026
John Crane	22.9%	23.2%
Flex-Tek	20.8%	20.4%
Smiths (continuing operations)	19.6%	19.8%
Smiths Detection	11.3%	13.8%
Flex-Tek general industrial	6.2%	(9.0)%
Group	16.7%	17.2%

- A +50bps organic margin expansion in John Crane was driven by increased pricing and positive mix, plus Smiths Excellence and Acceleration Plan benefits, partly offset by the phasing of strategic investments and some limited impact from US tariffs;
- Margin decline at Flex-Tek reflected mix impacts following the completion of a higher-margin heating project as well as higher materials costs, despite strict cost management, positive pricing and Smiths Excellence savings;
- Margin improvement in Smiths Detection was driven by notably higher volumes, and pricing improvement, as well as benefits from mix, Smiths Excellence savings and cost actions, and despite the impact of US tariffs.

The margin improvement also reflected benefits of £8.6m in Smiths from the Acceleration Plan, with savings mostly in John Crane and a reduction in central costs.

Total Group ROCE increased to 18.4% (HY2025: 17.1%), reflecting the higher profitability and efficient use of capital. ROCE on a continuing operations basis was 23.5% (HY2025: 23.7%).

Total Group headline EPS grew +11.7% to 62.0p (HY2025: 55.5p). This included a headline tax charge of £72m (HY2025: £65m) and a £9m increase in headline finance costs. For Smiths, the headline tax charge was £39m (24.4% effective tax rate) (HY2025: £41m, 24.1%) and a £10m increase in headline finance costs. On an organic basis, EPS increased +8.4%, benefiting from the share buyback programme.

Total Group headline operating cash conversion was 78% (HY2025: 94%), supported by the year-on-year improvement in profit. Headline operating cashflow was £220m (HY2025: £254m) with the increase in operating profit and lower capex offset by working capital movements, reflecting an increase in inventory levels to improve delivery of the order book and service customers. Free cashflow generation decreased to £74m (HY2025: £143m) or 26% of headline operating profit (HY2025: 53%), also reflecting the Acceleration Plan and separation costs.

Discontinued operations

Smiths Detection, Smiths Interconnect and certain general industrial businesses within Flex-Tek are now classified as discontinued operations, and the assets and liabilities have been classified as held for sale. The headline profit after tax from the discontinued operations was £82m (HY2025: £64m), and £47m (HY2025: £57m) on a statutory basis.

CAPITAL ALLOCATION

We take a disciplined approach to our use of capital; investing in our businesses to support organic growth, pursuing strategic and disciplined acquisitions, adopting a progressive dividend policy and returning excess capital to shareholders.

Organic investment

In the first half for the Total Group, £72m was invested in RD&E (HY2025: £68m), of which £62m (HY2025: £55m) was an income statement charge. Primarily related to Smiths Detection, £10m (HY2025: £10m) was funded by customers. Total Group spend represents 4.5% of sales (HY2025: 4.3%) and included £24m (HY2025: £22m) on customer-specific engineering-related projects, predominantly in John Crane.

Capex decreased to £29m (HY2025: £41m) and included planned investment in capacity and automation and initiatives under the Acceleration Plan.

Value-creative M&A

In March, we announced the agreement to acquire DRC for £164m, with completion expected in the third quarter of fiscal year 2026. DRC will be integrated into Flex-Tek's industrial heat business and is consistent with the strategy of building into high growth adjacencies. DRC generated £73m in revenue in the calendar year 2025. Integrations of the three acquisitions made in Flex-Tek in FY2025 are now mostly complete or progressing to plan.

Enhanced shareholder returns - share buyback and dividend

In December, the £500m share buyback programme completed. A new £1bn programme was subsequently launched to return a large portion of the proceeds from the sale of Smiths Interconnect. To date, we have completed £307m, of which £180m was in the first half. £600m is expected to be completed by the end of fiscal year 2026, with the remainder to be substantially complete by the end of calendar year 2026.

The Board is recommending an interim dividend of 15.00p, a year-on-year increase of +5.4%. The interim dividend will be paid on 13 May 2026 to shareholders on the register at close of business on 7 April 2026.

Net debt

Total Group net debt at 31 January 2026 increased to £843m (HY2025: £299m) with a net debt to headline EBITDA ratio of 1.2x (HY2025: 0.5x), with the year-on-year increase primarily reflecting the bond issuance and the share buyback programme.

Net headline finance costs for the year increased to £23m (HY2025: £13m), principally due to interest on lower average cash balances and interest payments related to the new €650m bond.

As at 31 January 2026, borrowings were £1,212m (FY2025: £667m) comprising a €650m bond which matures in February 2027, a €650m bond which matures in 2033 and £87m of lease liabilities. There are no financial covenants associated with these borrowings. Cash and cash equivalents as at 31 January 2026 were £345m (FY2025: £195m).

Together with an \$800m (£584m at the half year end exchange rate) revolving credit facility, which matures in May 2030, and a £200m revolving credit facility, which matures in June 2027, total liquidity was £1.1bn at the half year end.

STATUTORY RESULTS

Income statement and cashflow

The £22m difference (HY2025: £14m) between continuing operations headline operating profit of £181m and statutory profit of £159m are non-headline items. The largest of these relate to the amortisation of acquired intangible assets of £15m, a £8m net credit for asbestos litigation provision in John Crane Inc, £8m of cost in relation to the Acceleration Plan and £4m of provision costs for the Titeflex subrogation claims.

Discontinued operations include the Smiths Interconnect, Smiths Detection and certain Flex-Tek general industrial businesses. Headline operating profit in discontinued operations was £54m greater than statutory operating profit due to non-headline items. The largest of these relate to the impairment of the Flex-Tek general industrial businesses of £25m, separation costs of £20m and £6m relating to the Acceleration Plan. Amortisation of acquired intangible assets of £6m was offset by a gain of £3m on the sale of Smiths Interconnect Inc.

Total Group operating profit (including discontinued operations) for the period was £219m (HY2025: £242m). Total finance costs for the Group were £27m (HY2025: £14m).

The tax rate for continuing operations was 32.9% (HY2025: 25.9%) and includes a non-headline tax charge of £3m (HY2025: £nil). Statutory profit after tax for the Total Group was £131m (HY2025: £168m) and statutory basic EPS was 40.3p (HY2025: 48.8p).

Statutory net cash inflow from operating activities for the Total Group was £123m (HY2025: £205m).

Pensions

During the year, £11m of pension contributions (HY2025: £7m) were made, which relate to funded, unfunded and overseas schemes and healthcare arrangements. Of this, £10m related to the US defined benefit pension plan. As at 31 January 2026, 60% of the funded UK liabilities had been de-risked through the purchase of annuities from third party insurers.

Foreign exchange

The results of overseas operations are translated into sterling at average exchange rates. Net assets are translated at period-end rates. The Group is exposed to foreign exchange movements, mainly US Dollar and Euro. The principal exchange rates, expressed in terms of the value of Sterling, are as follows:

	Average rates		Period-end rates	
	31 Jan 2026 (6 months)	31 Jan 2025 (6 months)	31 Jan 2026	31 Jan 2025
USD	1.34	1.28	1.37	1.25
EUR	1.15	1.19	1.15	1.20

Our people, culture and Values combine to drive improved performance

Smiths has a long and proud history and 2026 represents our 175-year anniversary year. Our ability to evolve, adapt and grow over this time is underpinned by our strong purpose and Values. As we navigate this period of significant organisational change, our Values become more important than ever, and we have refreshed them this year. We are proud of our heritage and focused on our future - with our Values to help guide us along the way.

The safety, health and well-being of our people remain an essential foundation of our success at Smiths. The HY2026 recordable incident rate for the Total Group was 0.50 (HY2025: 0.23). Although still an industry top quartile ranking, the year-on-year deterioration is taken seriously, and targeted activities are being implemented to drive improvements for the second half of the year to ensure we focus on delivering a zero-harm culture. There has also been an increased focus on mental health and well-being including a bespoke wellbeing training session for our people leaders to raise awareness and skills on mental health and wellbeing to better support their teams, and specialist training for mental health first aiders.

At Smiths, our goal is to nurture STEM talent, developing the next generation of engineers who will help shape our future and we are laying the foundations for that vision through a dedicated focus on talent development and clear, structured career pathways. We now employ more than 90 apprentices in the UK on a range of learning pathways across the company and this is the only the start of our ambition. To support our communities on this front, the Smiths Group Foundation continues to extend its reach and has now made grants totalling almost £3m to 32 charities in 16 countries supporting STEM, safety and connectedness and environmental sustainability.

In the first half, we continued to drive sustainable practices throughout the business and are progressing well towards our targets, with enhanced data and decision making following last year's introduction of the Watershed sustainability platform. This will support the preparation of a re-submission to SBTi for Smiths (John Crane and Flex-Tek) given the planned separations, including re-baselining and revising targets and defining an impactful strategy for the future.

We were pleased to receive an MSCI score of AAA (from AA) and a 'Prime' rating from ISS in the half as we continue to enhance our sustainability credentials and reporting thereof. All of these initiatives support improved execution and the delivery of both our sustainability, and our medium-term financial targets.

BUSINESS REVIEW

JOHN CRANE (Continuing operations)

John Crane is a global leader in mission-critical technologies, products and services for the energy and process industries and an innovator in rotating equipment, encompassing mechanical seals, couplings, filtration systems and cutting-edge asset management and digital diagnostics solutions. 64% of revenue is derived from energy (downstream and midstream oil and gas and power generation, including renewable and sustainable energy sources). 36% is from other process industries including chemical, pulp and paper, mining and water treatment. 71% of revenue is from aftermarket sales. John Crane represents 60% of Smiths revenue.

	HY2026	HY2025	Reported	Organic
	£m	£m	growth	growth
Revenue	551	551	-	+2.0%
Original Equipment ('OE')	87	87	+0.5%	+1.8%
Aftermarket	264	258	+2.0%	+4.6%
Energy	351	345	+1.6%	+3.9%
Original Equipment	72	74	(2.2)%	(0.9)%
Aftermarket	128	132	(2.9)%	(1.2)%
Industrial	200	206	(2.7)%	(1.1)%
Headline operating profit	128	126	+1.6%	+4.2%
Headline operating profit margin	23.2%	22.9%	+30bps	+50bps
Statutory operating profit	123	129	(4.7)%	
Return on capital employed	25.0%	24.9%	+10bps	
RD&E cash costs as % of sales¹	5.3%	5.2%	+10bps	

¹ Includes cash R&D expenditure (1.7% of sales) and spend on customer-specific engineering-related projects (3.6%)

Revenue

£m	HY2025 reported	Foreign exchange	Organic movement	HY2026 reported
Revenue	551	(11)	11	551

John Crane delivered organic revenue growth of +2.0% in the first half with improving momentum through the period. After a marginal decline against a strong prior year comparator in the first quarter, John Crane posted mid-single-digit growth in the second quarter. This reflected strong growth in energy and improvement in operational execution following the machining capacity investments, with the prior year having been partly constrained by the cyber incident.

Growth for John Crane in the second half is expected to be at a similar level to the second quarter supported by a strong and expanding order book in both original equipment and aftermarket, with a positive book to bill and visibility through FY2026. Although demand remains healthy, some market-driven project timing shifts continue to be witnessed, with certain energy projects being delayed.

Reported revenue was flat year-on-year at £551m, with the organic growth offset by a negative (2.0)% foreign exchange impact.

In **Energy**, organic revenue grew +3.9% (HY2025: +3.3%) with growth in both OE and aftermarket sales. This was despite some ongoing project phasing delays, which particularly impacted Europe and parts of Asia and China. Sales were strong in the USA and in Latin America, reflecting strong customer demand in both OE and aftermarket. In OE, demand for dry gas seals was good reflecting both high aftermarket orders from previous OE sales, as well as new OE gas-related projects delivered in the first half. However, systems sales were down notably, reflecting ongoing project phasing.

Aftermarket organic revenue increased +4.6% year-on-year, with an increasing focus on customer aftermarket service contracts. A key highlight was the signing of a major global framework agreement with a large international energy company, formalising a long-term partnership focused on improving equipment reliability, and standardising performance across its global operations. Under the multi-year

framework, John Crane will provide a comprehensive range of sealing technologies and lifecycle services, providing the customer with a consistent reliability model across all participating sites.

Within energy transition, the pipeline of opportunities John Crane is pursuing in CCUS, hydrogen and biofuels continues to expand. A recent example was the supply of dry gas seals for use in centrifugal compressors at a new carbon dioxide compression facility in north Wales, to transport carbon dioxide captured from industrial plants in the region and permanently store it in depleted offshore fields. In the USA, John Crane was selected to supply a comprehensive suite of sealing technologies for high-performance turbomachinery applications for a next generation geothermal power generation project, ensuring operational reliability and safety in a technically demanding environment, and expanding John Crane's presence in energy transition.

In **Industrial**, organic revenue declined (1.1)% and was lower in both OE and aftermarket against a strong comparator. Growth in mining and pulp and paper sectors in the Americas, Saudi Arabia and Australia, was offset by over-capacity in the Chinese chemicals market. Notable contract wins in the first six months included the installation of mechanical sealing solutions to an international pulp and paper mill customer in the USA, enabling a 90% reduction in water usage.

Operating profit and ROCE

£m	HY2025 reported	Foreign exchange	Organic movement	HY2026 reported
Headline operating profit	126	(3)	5	128
Headline operating profit margin	22.9%			23.2%

Headline operating profit of £128m grew +4.2% on an organic basis, resulting in a margin of 23.2%, a +50bps improvement on an organic basis, and +30bps higher on a reported basis.

This organic improvement was driven by increased pricing and positive aftermarket mix, Smiths Excellence and Acceleration Plan programme benefits, partly offset by the phasing of strategic investments projects more heavily weighted to the first half this year, and some limited impact of US tariffs.

On a reported basis, headline operating profit was up +1.6%, with the organic improvement partly offset by a (2.6)% negative foreign exchange impact. The difference between statutory and headline operating profit includes the net changes in relation to the provision for John Crane, Inc. asbestos litigation and costs in relation to the Acceleration Plan.

ROCE was 25.0%, with the headline operating profit growth partly offset by a higher capital base and the FX impact.

RD&E and new product development

Cash RD&E expenditure increased in the half to 5.3% of sales (HY2025: 5.2%) of which 3.6% (HY2025: 3.7%) related to customer-specific engineering-related projects, reflecting a continued focus on product innovation.

John Crane's R&D is focused on enhancing the efficiency, performance and sustainability of heavy-duty seals for traditional applications, alongside new platforms for gas compression and filtration product developments. Following the FY2025 launch of the Type 93AX Coaxial Separation Seal, uptake has been positive and it is currently being tested for a number of installations. During the half, John Crane launched the Type 8628VL, a next generation mechanical seal engineered to address the challenge of maintaining seal integrity in multi-phase ethane and ethylene pipelines. The product launch was supported by a leading ethane transmission company operating along the US Gulf Coast which experienced measurable operational improvements following the seal installation.

Enhancing its service offering is also a key focus and in November, John Crane re-launched Performance Plus™ - a next-generation modular service framework - to support our ambition to expand our aftermarket offering. The tailored service solutions adapt to each customer's operational experience, bringing together smart technology, data insights and expertise to keep operations running smoothly, reliably, safely and sustainably. Its seal reliability management contracts or long-term agreements help customers achieve continuous reliability improvement and predictable maintenance costs enhancing customer intimacy for John Crane, a value-add proposition for both parties.

FLEX-TEK (Continuing operations)

Flex-Tek is a global provider of engineered components that heat and move liquids and gases for the construction, thermal and aerospace markets. 47% of Flex-Tek's revenue is derived from Construction, 23% from Thermal Solutions and 30% from Aerospace. Flex-Tek represents 40% of Smiths revenue.

	HY2026 £m	HY2025 ¹ £m	Reported growth	Organic growth
Revenue	364	373	(2.5)%	(2.0)%
Construction	171	177	(3.6)%	(5.8)%
Thermal Solutions	85	94	(10.5)%	(7.8)%
Aerospace	108	102	+6.9%	+10.1%
Headline operating profit	74	78	(4.4)%	(4.6)%
Headline operating profit margin	20.4%	20.8%	(40)bps	(60)bps
Statutory operating profit	52	62	(16.1)%	
Return on capital employed	27.3%	28.4%	(110)bps	
R&D cash costs as % of sales	0.8%	0.4%	+40bps	

1. The comparatives for HY2025 have been represented to reflect the reclassification of certain Flex-Tek's general industrial businesses as discontinued operations with HY2026 contribution of £25m to revenue with a £2m to operating loss (FY2025: £54m revenue and £5m loss)

Revenue

£m	HY2025 ¹ reported	Foreign exchange	Acquisitions	Organic movement	HY2026 reported
Revenue	373	(14)	12	(7)	364

Organic revenue declined (2.0)% in the first half, with market-driven weakness in construction and revenue phasing in thermal projects, partly offset by strong growth in aerospace.

Reported revenue declined (2.5)%, with a positive contribution from acquisitions (+£12m), offset by a significant negative foreign exchange translation effect.

In **Construction**, organic revenue declined (5.8)%, impacted by weak market conditions in the US residential construction market. Year-on-year performance was also a reflection of the strength in the prior year comparator which benefited from post-acquisition revenue synergies from flexible ducting products, as well as market consolidation amongst major customers. Second half performance in Construction will largely reflect the pace of market recovery in US housing, the timing for which remains uncertain. Flex-Tek is well positioned to benefit from a construction market recovery as mortgage rates moderate and given the meaningful housing inventory deficit in the USA. The integration of Modular Metal is mostly complete and that of Duc-Pac continues to progress to plan, both of which strengthen our geographical coverage, positioning us well for when the market returns to growth.

Organic revenue in **Thermal Solutions** declined (7.8)%, following the impact from customer destocking of heat kits, particularly in the second quarter. Revenue was supported by the Wattco acquisition which adds to our portfolio of products for industrial electrification applications, positioning the business well to capitalise from the ongoing electrification trend. The pipeline of projects in Thermal Solutions remains positive, including the provision of electric heaters for ultra-low emission electro-fuel and data-centre safety-power projects. The integration of Wattco is largely complete, and the business is focused on driving growth following its move to a larger facility enabling capacity increases.

As part of the strategic decision to high-grade the Flex-Tek portfolio to focus on higher growth and higher margin market subsegments, Flex-Tek classified certain general industrial businesses as assets held for sale. Further information can be found in note 16.

In March, Smiths announced the acquisition of DRC Heat Transfer, a US-based designer and manufacturer of custom heat transfer and cooling solutions for power generators used in data centre, general industrial, transit, and energy markets. This acquisition extends Flex-Tek Heat's offering into cooling applications,

establishing broader thermal solutions capabilities and strengthening its presence in the power generation market offering significant structural growth trends. DRC generated £73m in revenue in calendar year 2025.

In **Aerospace**, organic revenue grew +10.1%, reflecting continued strong demand with a full and growing order book across commercial and defence aircrafts. The second quarter included a new contract with the Indian Space Research Organisation to provide advanced space-enabled components for high altitude ground test rigs, strengthening a 30-year partnership. A continued strong order book with good visibility, alongside a positive trend in achieving long-term contract renewals, supports a positive outlook for the remainder of FY2026, and beyond.

Operating profit and ROCE

£m	HY2025 ¹ reported	Foreign exchange	Acquisitions	Organic movement	HY2026 reported
Headline operating profit	78	(3)	3	(4)	74
Headline operating profit margin	20.8%				20.4%

Headline operating profit declined (4.6)% on an organic basis. Organic operating margin declined (60)bps to 20.4% largely as a result of mix impacts, following the completion of higher-margin ultra-high heating project, and higher materials costs, partly offset by good cost management, positive pricing and operational efficiency savings. On a reported basis, headline operating profit declined (4.4)% whilst operating margin declined (40)bps.

The difference between statutory and headline operating profit reflects the amortisation of acquired intangible assets, the provision for Titeflex Corporation subrogation claims and costs in relation to the Acceleration Plan.

ROCE declined (110)bps to 27.3%, reflecting the headline operating profit decline and the impact of acquisitions on the capital base.

RD&E and new product development

Cash RD&E expenditure was 0.8% of sales (HY2025: 0.4%), with the increase partly reflecting a re-categorisation of spend from cost of goods sold. RD&E is focused on developing new products for the aerospace markets, construction and new electrification opportunities.

As an example, in HVAC, Flex-Tek continued to extend its Blue Series programme. Here, RD&E focuses on improving both product performance and manufacturing efficiency. Key efforts include ongoing refinement of tooling and molding processes, as well as the introduction of a heat-tunnel system that enhances quality and reduces cycle times. The business is also conducting research into improved polyurethane foam chemistry aimed at lowering heat input requirements, which would further optimise production. Alongside these initiatives, Flex-Tek's innovation team have reduced packaging to almost half to enable more efficient transportation.

SMITHS DETECTION (Discontinued operations)

Smiths Detection is a global leader in threat detection and screening technologies for aviation, ports and borders, urban security and defence.

	HY2026	HY2025	Reported	Organic
	£m	£m	growth	growth
Revenue	497	454	+9.3%	+11.7%
Original Equipment	169	156	+8.4%	+10.3%
Aftermarket	203	181	+11.8%	+14.6%
Aviation	372	337	+10.3%	+12.6%
Original Equipment	69	63	+9.2%	+11.8%
Aftermarket	56	54	+3.5%	+6.0%
Other Detection Systems ('ODS')	125	117	+6.6%	+9.1%
Headline operating profit (underlying)	69	51	+33.3%	+34.4%
Headline operating profit margin	13.8%	11.3%	+250bps	+230bps
Statutory operating profit	51	39	+30.8%	
Return on capital employed	13.2%	10.0%	+320bps	
R&D cash costs as % of sales	5.7%	5.8%	(10)bps	

Revenue

£m	HY2025	Foreign	Organic	HY2026
	reported	exchange	movement	reported
Revenue	454	(9)	52	497

Smiths Detection delivered strong organic revenue growth at +11.7%, successfully converting its strong order book into revenue, driven by growth in Aviation and Other Detection Systems ('ODS'), across both OE and aftermarket. Reported revenue was up +9.3% reflecting the strong organic growth, partially offset by unfavourable foreign exchange movement.

In **Aviation**, organic revenue grew +12.6% reflected the continued strong demand for CtiX scanners, with more than 2,000 now sold. **ODS** sales grew +9.1% organically, with strong growth in Ports & Borders and Urban Security.

Operating profit and ROCE

£m	HY2025	Foreign	Organic	HY2026
	reported	exchange	movement	reported
Headline operating profit	51	0	18	69
Headline operating profit margin	11.3%			13.8%

Headline operating profit increased +34.4% on an organic basis, reflecting the strong volume growth and favourable mix from higher aftermarket growth in Aviation, as well as efficiency and Acceleration Plan benefits, and despite the impact of US tariffs. Headline operating profit margin increased to 13.8%, +230bps on an organic and +250bps on a reported basis. On a reported basis, headline operating profit increased +33.3%, with the difference between statutory and headline operating profit reflecting amortisation of acquired intangibles and costs in relation to the Acceleration Plan.

ROCE increased +320bps to 13.2%, reflecting the growth in headline operating profit.

RD&E and new product development

Cash RD&E expenditure as a percentage of sales was 5.7% (HY2025: 5.8%), to support investment in next-generation detection capabilities. Spend included £10m in customer funded projects (HY2025: £9m).

SMITHS INTERCONNECT (Discontinued operations)

Smiths Interconnect is a leading provider of high reliability connectivity products and solutions serving segments of aerospace and defence, medical, semiconductor test and industrial markets.

	HY2026	HY2025	Reported	Organic
	£m	£m	growth	growth
Revenue	189	202	(6.5)%	+6.3%
Headline operating profit (underlying)	35	35	+0.8%	(1.0)%
Headline operating profit margin	18.6%	17.2%	+140bps	(140)bps
Statutory operating profit	36	34	+5.9%	
Return on capital employed	17.8%	13.8%	+400bps	
RD&E cash costs as % of sales	6.1%	6.1%	-	

Revenue

	HY2025	Foreign	Divestment	Organic	HY2026
£m	reported	exchange		movement	reported
Revenue	202	(6)	(18)	11	189

Smiths Interconnect's organic revenue increased +6.3% in the first half, led by continued momentum in the semi-test business with demand from key customers across multiple AI and data-centre programmes.

Reported revenue declined (6.5)%, largely reflecting the sale of Interconnect's US sub-systems business unit, together with negative foreign exchange.

Operating profit and ROCE

	HY2025	Foreign	Divestment	Organic	HY2026
£m	reported	exchange		movement	reported
Headline operating profit	35	(2)	2	0	35
Headline operating profit margin	17.2%				18.6%

Headline operating profit increased +0.8% on a reported basis, resulting in a +140bps rise in reported operating profit margin to 18.6%. The benefit from the sale of its US sub-systems business unit as well as efficiency improvements and Smiths Excellence benefits, were partly offset by negative mix effects and higher materials costs. On a statutory basis, operating profit increased +5.9%.

The difference between statutory and headline operating profit reflects the amortisation of acquired intangibles and disposal-related costs.

ROCE improved +400bps to 17.8%, driven by the lower capital employed following the sale of its US-subsystems business.

RD&E and new product development

Cash RD&E expenditure as a percentage of sales was 6.1% (HY2025: 6.1%). RD&E is focused on developing highly specialised new products that improve connectivity and product integrity in demanding operating environments in mission critical end markets where precision, reliability and durability are vital.

Smiths Interconnect continues to be a leader in innovation, with its efforts having been externally recognised at the 2025 Instrumentation & Electronics Awards. In semi-test, the business has considerably expanded its customer base within the semiconductor sector through the development of the most advanced and technically complex semi-test products, including the DaVinci product portfolio, and meeting the rapidly evolving technological customer requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has a risk management structure and internal controls in place which are designed to identify, manage and mitigate business risks. Smiths faces a number of risks and uncertainties which could have a material impact on long-term performance. The Group's principal risks and uncertainties at 31 July 2025 are detailed on pages 30 to 36 of the 2025 Annual Report. The principal risks and uncertainties affecting the Group for the remaining six months of the financial year continue to be those set out briefly below and more fully in the Annual Report.

- **Economy and geopolitics:** The challenging and increasingly unpredictable economic and geopolitical landscape in which we operate is subject to external influences including inflationary pressures, regional conflicts, and newly imposed trade restrictions. Such factors may adversely affect demand for our products, increase input costs, and impact profitability. Trade barriers, such as recent US tariffs on international imports and retaliatory measures from other nations, could disrupt supply chains, reduce market access, and undermine our global competitiveness.
- **Cyber security:** Cyber attacks attempting to compromise the confidentiality, integrity, and availability of IT systems and operational data are a continuing and intensifying risk. We operate in markets and product areas which are known to be of interest to cyber criminals. With increasing digitalisation and reliance on third-party platforms, any breach may cause disruption, data loss, regulatory penalties, and reputational damage.
- **Business continuity:** Disruption to our global supply chains, manufacturing sites, or customer operations due to geopolitical events, cyber-attacks, or climate-related incidents; may negatively impact our financial performance, customer delivery timelines, and operational resilience.
- **Technology:** If we fail to maintain our technological differentiation and our innovation pipeline does not meet customers' evolving requirements, we may lose market share to a new or existing competitor. This could impact our financial performance and our ability to attract and retain talent.
- **Product quality:** Failure of one of our products, including failure due to non-compliance with product regulation, may result in financial loss and reputational damage. In the ordinary course of business, we could be subject to material product liability claims and lawsuits, including potential class actions from customers or third parties.
- **Commercial:** Failure to adapt our commercial strategies in response to evolving customer expectations, procurement models, and sustainability-linked requirements may reduce market share, impair profitability, and hinder access to growth opportunities.
- **People:** Failing to attract, develop, and retain the right people with the right skills may affect our ability to achieve our commercial ambitions, particularly in the light of the planned separations of Smiths Interconnect and Smiths Detection and the inherent uncertainty such plans have created regarding some roles and functions.
- **Legal and compliance:** We have more than 16,000 colleagues in more than 50 countries. Individuals may not all behave in accordance with the Group's Values and in accordance with ethical and legal requirements. We operate within increasingly complex legal regimes, often in highly regulated markets and with governments, customers and suppliers requiring strict adherence to laws. We may fail to deliver contracted products and services or fail in our contractual execution due to delays or breaches by our suppliers or other counterparties.
- **Climate change:** Failure to identify and act on the significant opportunities arising from the world's transition to a low-carbon economy and/or failure to respond appropriately to climate change risks and regulation.
- **Strategic transformation:** Execution of strategic transformation, including the sale of Smiths Interconnect and sale of Smiths Detection, carry significant operational, legal, financial, people-related, and reputational risks. Ineffective execution of these transactions could result in operational disruption, stranded costs, loss of key personnel, delays in achieving separation, regulatory hurdles, and diminished shareholder confidence. The ability to reposition the remaining business ('Smiths') as a focused, high-performing industrial engineering company will be key to preserving and enhancing long-term value.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of our knowledge:
the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and

- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board of directors:

Roland Carter
Chief Executive Officer

Julian Fagge
Chief Financial Officer

19 March 2026

INDEPENDENT REVIEW REPORT TO SMITHS GROUP PLC

Conclusion

We have been engaged by Smiths Group plc (“the Company”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2026 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash-flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2026 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group’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 to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Mike Barradell

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

19 March 2026

Consolidated income statement (unaudited)

	Notes	Six months ended 31 January 2026			Six months ended 31 January 2025 - Represented*		
		Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
CONTINUING OPERATIONS							
Revenue	2	915	–	915	924	–	924
Operating costs	2	(734)	(22)	(756)	(743)	(14)	(757)
Operating profit/(loss)		181	(22)	159	181	(14)	167
Interest receivable		12	–	12	18	–	18
Interest payable		(35)	–	(35)	(31)	–	(31)
Other financing losses		–	(13)	(13)	–	(4)	(4)
Other finance income – retirement benefits		–	3	3	–	2	2
Finance costs		(23)	(10)	(33)	(13)	(2)	(15)
Profit/(loss) before taxation		158	(32)	126	168	(16)	152
Taxation	5	(39)	(3)	(42)	(41)	–	(41)
PROFIT/(LOSS) FOR THE PERIOD		119	(35)	84	127	(16)	111
DISCONTINUED OPERATIONS							
Profit from discontinued operations		82	(35)	47	64	(7)	57
PROFIT/(LOSS) FOR THE PERIOD		201	(70)	131	191	(23)	168
Attributable to:							
Smiths Group shareholders – continuing operations		118	(35)	83	126	(16)	110
Smiths Group shareholders – discontinued operations		82	(35)	47	64	(7)	57
Non-controlling interests		1	–	1	1	–	1
		201	(70)	131	191	(23)	168
Earnings per share							
Basic	4			40.3p			48.8p
Basic - continuing				25.7p			32.1p
Diluted				40.2p			48.7p
Diluted - continuing				25.7p			32.1p
Dividends per share (declared)	15			15.00p			14.23p

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

Consolidated statement of comprehensive income (unaudited)

	Notes	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Profit for the period		131	168
Other comprehensive income (OCI)			
OCI which will not be reclassified to the income statement:			
Re-measurement of post-retirement benefits assets and obligations		(10)	(8)
Taxation on post-retirement benefits movements		2	1
Fair value movements on financial assets at fair value through OCI		–	8
		(8)	1
OCI which will be reclassified and reclassifications:			
Fair value gains and reclassification adjustments:			
– deferred in the period on cash-flow and net investment hedges		6	(7)
– reclassified to income statement on cash-flow hedges		(1)	1
		5	(6)
Foreign exchange movements net of recycling:			
Exchange (losses)/gains on translation of foreign operations		(52)	42
Exchange gains recycled to the income statement on disposal of business		(10)	–
		(62)	42
Total other comprehensive (expenditure)/income for the period, net of taxation		(65)	37
TOTAL COMPREHENSIVE INCOME		66	205
Attributable to:			
Smiths Group shareholders		66	204
Non-controlling interests		–	1
		66	205
Total comprehensive income attributable to Smiths Group shareholders arising from			
Continuing operations		29	125
Discontinued operations		37	79
		66	204

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

Consolidated balance sheet (unaudited)

	Notes	31 January 2026 £m	31 July 2025 £m
Non-current assets			
Intangible assets	7	499	1,284
Property, plant and equipment	8	192	244
Right of use assets	9	82	99
Financial assets – other investments	10	5	6
Retirement benefit assets	6	123	128
Deferred tax assets		77	98
Trade and other receivables		79	90
Financial derivatives		24	10
		1,081	1,959
Current assets			
Inventories		272	586
Current tax receivable		18	20
Trade and other receivables		408	737
Cash and cash equivalents	11	345	195
Financial derivatives	11	6	7
Assets held for sale	16	2,009	507
		3,058	2,052
Total assets		4,139	4,011
Current liabilities			
Financial liabilities:			
– short-term borrowings	11	(13)	(3)
– lease liabilities	11	(18)	(29)
– financial derivatives	11	(2)	(2)
Provisions	13	(38)	(56)
Trade and other payables		(288)	(679)
Current tax payable		(53)	(66)
Liabilities held for sale	16	(595)	(106)
		(1,007)	(941)
Non-current liabilities			
Financial liabilities:			
– long-term borrowings	11	(1,112)	(556)
– lease liabilities	11	(69)	(79)
– financial derivatives	11	(16)	–
Provisions	13	(176)	(198)
Retirement benefit obligations	6	(54)	(96)
Deferred tax liabilities		(15)	(43)
Trade and other payables		(10)	(38)
		(1,452)	(1,010)
Total liabilities		(2,459)	(1,951)
Net assets		1,680	2,060
Shareholders' equity			
Share capital	14	119	124
Share premium account		365	365
Capital redemption reserve		36	31
Merger reserve		235	235
Cumulative translation adjustments		256	317
Retained earnings		808	1,147
Hedge reserve		(163)	(183)
Total shareholders' equity		1,656	2,036
Non-controlling interest equity		24	24
Total equity		1,680	2,060

Consolidated cash-flow statement (unaudited)

	Notes	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 £m
Net cash inflow from operating activities	17	123	205
Cash-flows from investing activities			
Expenditure on capitalised development		–	(3)
Expenditure on other intangible assets		–	(1)
Purchase of property, plant and equipment		(29)	(37)
Disposals of property, plant and equipment		1	–
Disposal of financial assets		–	53
Acquisition of businesses	16	(5)	(89)
Disposal of subsidiaries – net cash received/(paid)	16	–	(12)
Net cash-flow used in investing activities		(33)	(89)
Cash-flows from financing activities			
Share buybacks	14	(320)	(44)
Purchase of shares by Employee Benefit Trust		(35)	(22)
Proceeds received on exercise of employee share options		2	–
Dividends paid to equity shareholders and non-controlling interests		(104)	(104)
Cash inflow/(outflow) from matured derivative financial instruments		2	2
Increase in new borrowings		565	–
Lease payments		(21)	(21)
Net cash-flow generated by/(used in) financing activities		89	(189)
Net Increase/(decrease) in cash and cash equivalents		179	(73)
Cash and cash equivalents at beginning of the period		195	459
Increase in cash held in disposal groups		(17)	–
Exchange differences		(12)	6
Cash and cash equivalents at end of the period		345	392
Cash and cash equivalents at end of the period comprise:			
– cash at bank and in hand		73	193
– short-term deposits		272	199
		345	392

Notes to the condensed interim financial statements (unaudited)

1 Basis of preparation

The financial information for the period ended 31 January 2026 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 July 2025 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial report for the half-year reporting period ended 31 January 2026 included in this announcement has been prepared on a going concern basis using accounting policies consistent with UK-adopted International Accounting Standards, in accordance with IAS 34 Interim Financial Reporting, and in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2025, which has been prepared in accordance with UK-adopted International Accounting Standards.

The interim financial statements are prepared on a going concern basis. The Directors have assessed the principal risks discussed on page 17. The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these condensed consolidated interim financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The interim financial information was approved by the Board on 19 March 2026.

Accounting policies

The same accounting policies, estimates, presentation and methods of computation are followed in the condensed interim financial statements as applied in the Group's latest annual audited financial statements.

New standards and interpretations not yet adopted

With the exception of IFRS 18 'Presentation and Disclosures in Financial Statements' which, subject to UK endorsement, will become effective in the consolidated Group financial statements for the financial year ending 31 July 2028, no new standards, new interpretations, or amendments to standards or interpretations have been published which are expected to have a significant impact on the Group's financial statements.

Presentation of results

In order to provide users of the accounts with a clear and consistent presentation of the performance of the Group's ongoing trading activity, the income statement is presented in a three column format with 'headline' profits shown separately from 'non-headline' items in a form consistent with the prior year.

Judgement is required in determining which items should be included as non-headline. The amortisation of acquired intangibles, legacy liabilities, material one-off items and certain re-measurements are included in a separate column of the income statement. See note 3 for a breakdown of the items excluded from headline profit.

Performance measures for the Group's ongoing trading activity are described as 'headline' and used by management to measure and monitor performance. See note 2 for disclosures of headline operating profit and note 19 for more information about the alternative performance measures ('APMs') used by the Group.

In addition, the Group reports organic growth rates for revenue and underlying growth rates for profit where the determination of adjustments requires judgement. See note 19 for more information about the key performance indicators (KPIs) used by the Group.

2 Analysis of revenue, operating costs and segment information

Analysis by operating segment

The Group is organised into two major business segments: John Crane and Flex-Tek. These business segments design and manufacture the following products:

- **John Crane** – mechanical seals, seal support systems, power transmission couplings and specialised filtration systems;
- **Flex-Tek** – engineered components, flexible hosing and rigid tubing that heat and move fluids and gases; and

The segmental information of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial discontinued operations is disclosed in note 16.

The position and performance of each business segment is reported at each Board meeting to the Board of Directors. This information is prepared using the same accounting policies as the consolidated financial information, except that the Group uses headline operating profit to monitor segmental results and operating assets to monitor segmental position. See note 3 and note 19 for more information on which items are excluded from headline profit measures.

Intersegment sales and transfers are charged at arm's-length prices.

Segment trading performance

	Six months ended 31 January 2026			
	John Crane £m	Flex-Tek £m	Corporate costs £m	Total £m
Revenue	551	364	–	915
Segmental headline operating profit	128	74	–	202
Corporate headline operating costs	–	–	(21)	(21)
Headline operating profit/(loss)	128	74	(21)	181
Items excluded from headline measures (note 3)	(5)	(22)	5	(22)
Operating profit/(loss) for the period	123	52	(16)	159
Headline operating margin	23.2%	20.4%		19.8%

	Six months ended 31 January 2025 - Represented*			
	John Crane £m	Flex-Tek £m	Corporate costs £m	Total £m
Revenue	551	373	–	924
Segmental headline operating profit	126	78	–	204
Corporate headline operating costs	–	–	(23)	(23)
Headline operating profit/(loss)	126	78	(23)	181
Items excluded from headline measures (note 3)	3	(16)	(1)	(14)
Operating profit/(loss) for the period	129	62	(24)	167
Headline operating margin	22.9%	20.8%		19.6%

Segment assets and liabilities

Segment assets

	31 January 2026				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Corporate and non-headline £m	Total £m
Property, plant, equipment, right of use assets, development projects, other intangibles and investments	190	90	–	10	290
Inventory, trade and other receivables	526	210	–	23	759
Segment assets	716	300	–	33	1,049

	31 July 2025				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Corporate and non-headline £m	Total £m
Property, plant, equipment, right of use assets, development projects, other intangibles and investments	185	113	132	11	441
Inventory, trade and other receivables	518	251	622	22	1,413
Segment assets	703	364	754	33	1,854

Non-headline assets comprise receivables relating to non-headline items, acquisitions and disposals.

Segment liabilities

	31 January 2026				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Corporate and non-headline £m	Total £m
Segmental liabilities	150	91	–	–	241
Corporate and non-headline liabilities	–	–	–	271	271
Segment liabilities	150	91	–	271	512

	31 July 2025				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Corporate and non-headline £m	Total £m
Segmental liabilities	173	105	374	–	652
Corporate and non-headline liabilities	–	–	–	319	319
Segment liabilities	173	105	374	319	971

Non-headline liabilities comprise provisions and accruals relating to non-headline items, acquisitions and disposals.

Reconciliation of segment assets and liabilities to statutory assets and liabilities

	Assets		Liabilities	
	31 January 2026 £m	31 July 2025 £m	31 January 2026 £m	31 July 2025 £m
Segment assets and liabilities	1,049	1,854	(512)	(971)
Goodwill and acquired intangibles	488	1,192	–	–
Derivatives	30	17	(18)	(2)
Current and deferred tax	95	118	(68)	(109)
Retirement benefit assets and obligations	123	128	(54)	(96)
Cash and borrowings	345	195	(1,212)	(667)
Assets and liabilities held for sale	2,009	507	(595)	(106)
Statutory assets and liabilities	4,139	4,011	(2,459)	(1,951)

Segment capital employed

Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets adjusted to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998 of £475m (31 July 2025: £478m), and eliminate post-retirement benefit assets and liabilities and litigation provisions relating to non-headline items, both net of related tax, and net debt. See note 19 for additional details.

The 12-month rolling average capital employed by business segment, which Smiths uses to calculate segmental return on capital employed, is set out below:

	31 January 2026		
	John Crane £m	Flex-Tek £m	Total £m
Average segmental capital employed	1,071	607	1,678
Average capital employed – assets held for sale			1,570
Average corporate capital employed			(28)
Average total capital employed – continuing operations			3,220

	31 January 2025 - Represented*		
	John Crane £m	Flex-Tek £m	Total £m
Average segmental capital employed	1,048	547	1,595
Average capital employed – assets held for sale			1,655
Average corporate capital employed			(34)
Average total capital employed – continuing operations			3,216

* The Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses have been accounted for as businesses held for sale. Further details of the segmental assets and liabilities of these businesses are disclosed in note 16.

Analysis of revenue

The revenue for the main product and service lines for each business segment is:

	Original equipment £m	Aftermarket £m	Total £m	
John Crane				
Revenue six months ended 31 January 2026	159	392	551	
Revenue six months ended 31 January 2025	161	390	551	
Flex-Tek				
	Aerospace £m	Construction £m	Thermal Solutions £m	Total £m
Revenue six months ended 31 January 2026	108	171	85	364
Revenue six months ended 31 January 2025*	102	177	94	373

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Flex-Tek general industrial businesses as discontinued operations. Following the classification of Flex-Tek general industrial businesses as discontinued operations, the Group has reviewed and reanalysed the Flex-Tek segmental revenue reporting by main product line. The driver of this reanalysis being to realign this analysis of segmental revenue with how management review the performance of the remaining Flex-Tek segment.

The impact of this reanalysis is that £325m of HY2025 revenue that had previously been reported as Industrials has been represented with £177m recognised as Construction, £94m recognised as Thermal Solutions, £26m recognised as Aerospace and £28m reclassified to discontinued operations.

Segmental revenue is analysed by the Group's key global markets as follows:

	General Industrial £m	Energy £m	Aerospace & Defence £m	Total £m
John Crane				
Revenue six months ended 31 January 2026	200	351	–	551
Revenue six months ended 31 January 2025	206	345	–	551
Flex-Tek				
Revenue six months ended 31 January 2026	256	–	108	364
Revenue six months ended 31 January 2025*	271	–	102	373
Total				
Revenue six months ended 31 January 2026	456	351	108	915
Revenue six months ended 31 January 2025*	477	345	102	924

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations. Following the classification of Flex-Tek general industrial businesses as discontinued operations, the Group has reviewed and reanalysed the Flex-Tek segmental revenue reporting by main key global market. The driver of this reanalysis being to realign this analysis of segmental revenue with how management review the performance of the remaining Flex-Tek segment.

The impact of this reanalysis is that £54m of HY2025 revenue that was previously reported in the general industrial key global market has been represented, with £26m disclosed in the Aerospace key global market and £28m reclassified to discontinued operations.

The Group's statutory revenue is analysed as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Sale of goods recognised at a point in time	677	746
Sale of goods recognised over time	7	7
Services recognised over time	231	171
Revenue	915	924

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

Operating costs

Headline operating costs are analysed as follows:

	Six months ended 31 January 2026			Six months ended 31 January 2025 - Represented*		
	Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
Cost of sales - direct materials, labour, production and distribution overheads	529	–	529	537	–	537
Selling costs	79	–	79	77	–	77
Administrative expenses	126	22	148	129	14	143
Operating costs	734	22	756	743	14	757

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

3 Non-statutory profit measures

Headline profit measures

The Group seeks to present a measure of performance which is not impacted by material non-recurring items or items considered non-operational in nature. This measure of profit is described as 'headline' and is used by management to measure and monitor performance. See the disclosures on presentation of results in accounting policies for an explanation of the adjustments. The items excluded from 'headline' are referred to as 'non-headline' items.

Non-headline operating profit items

i. Continuing Operations

The non-headline items included in statutory operating profit are as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Acquisition and disposal related transaction costs		
Post-acquisition integration costs and fair value adjustment unwind	(2)	(1)
Business acquisition costs	–	(2)
Fair value movement on contingent consideration	1	–
Loss on disposal of financial asset	–	(3)
Legacy pension scheme arrangements		
Scheme administration costs	(2)	(2)
Non-headline litigation provision movements		
Provision for John Crane, Inc. asbestos litigation	8	12
Provision held against Titeflex Corporation subrogation claims	(4)	3
Other items		
Corporate restructuring costs	(8)	(6)
Amortisation of acquisition related intangible assets	(15)	(15)
Non-headline items in operating profit	(22)	(14)

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

Acquisition and disposal related costs

The £2m (31 January 2025: £1m) of post-acquisition integration costs and fair value adjustment unwind principally relate to Flex-Tek's recent corporate acquisitions. These include £1m of defined project costs for the integration of these businesses into the existing Flex-Tek business and a £1m expense for unwinding the acquisition balance sheet fair value adjustments required by IFRS 3 'Business combinations'. These have been recognised as non-headline as the charge did not relate to trading activity.

In the prior year, the £2m business acquisition costs represent incremental costs related to Group's Merger and Acquisitions.

The £1m fair value movement on contingent consideration relates to the revaluation of deferred consideration for Flex-Tek's recent acquisitions.

In the prior year, the Group sold the remainder of its equity investment in ICU Medical, Inc. (ICU). The £3m loss on disposal of financial assets relates to the block sale discount on the disposal of these remaining ICU shares.

Legacy pension scheme arrangements

Scheme administration costs of £2m (31 January 2025: £2m) relates to the TIGPS legacy pension scheme and SIPS 'path to buy-in' costs. As the Group has no expectation of receiving a refund from the scheme, an economic benefit value of zero has been placed on the TIGPS surplus. These are non-headline charges as the Group effectively has no economic exposure to these costs and they are paid from cash retained in the scheme.

Non-headline litigation provision movements

The following litigation costs and recoveries have been treated as non-headline items because the provisions were treated as non-headline when originally recognised and the subrogation claims and litigation relate to products that the Group no longer sells in these markets:

- The £8m credit (31 January 2025: £12m charge) in respect of John Crane, Inc. asbestos litigation is principally driven by a reduction in future expected defence costs; and
- The £4m charge (31 January 2025: £3m credit) recognised by Titeflex Corporation is principally due to an increase in the number of open cases at 31 January, which has driven an increase in the expected number of future claims.

Other items

Corporate restructuring charges of £8m (31 January 2025: £6m) were incurred on the previously announced Group-wide Acceleration Plan and are treated as non-headline due to being material and part of a pre-approved programme.

Acquisition related intangible asset amortisation costs of £15m (31 January 2025: £15m) were recognised in the current period. This is considered to be a non-headline item on the basis that these charges result from acquisition accounting and do not relate to current trading activity.

Non-headline finance (costs)/income items

The non-headline items included in finance (costs)/income are as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Unwind of discount on provisions	(4)	(5)
Other finance income – retirement obligations	3	2
Foreign exchange loss on intercompany loan with discontinued operations	(5)	–
Other financing (losses)/gains	(4)	1
Non-headline items in finance costs – continuing operations	(10)	(2)
Continuing operations – non-headline loss before taxation	(32)	(16)

The financing elements of non-headline legacy liabilities, including the £4m (31 January 2025: £5m) unwind of discount on provisions, are excluded from headline finance costs because these provisions were originally recognised as non-headline and this treatment has been maintained for ongoing costs and credits.

Other finance income comprises £3m (31 January 2025: £2m) of financing credits relating to retirement benefits. These are excluded from headline finance costs because the ongoing costs and credits are a legacy of previous employee pension arrangements.

Foreign exchange gains or losses on intercompany financing between Smiths Detection and the continuing group are recognised on the face of the income statement as a non-headline item due to the classification of Smiths Detection as a discontinued operation. The £5m foreign exchange loss above (31 January 2025: £nil) matches the foreign exchange loss in discontinued operations. This is excluded from headline net finance costs as these fair value movements are non-operational in nature and are purely a consequence of the presentational requirements for discontinued operations.

The £4m of other financing losses (31 January 2025: £1m gain) represent foreign exchange movements on borrowings and fair value movements on financial instruments. The current period loss arises from includes £2m of losses (31 January 2025: £nil) due to foreign exchange translation and £2m losses (31 January 2025: £1m gain) due to hedge ineffectiveness on the Group's 2027 and 2033 Eurobonds, which will reverse over the remaining period to maturity. These foreign exchange and fair value movements are excluded from headline net finance costs when the following requirements are met:

- Fair value gains and losses on the interest element of derivative financial instruments hedging the Group's net debt exposures are excluded from headline, as they will either reverse over time or be matched in future periods by interest charges.
- Fair value gains and losses on the currency element of derivative financial instruments hedging the Group's net debt and exposures, and exchange gains and losses on borrowings are excluded, as the relevant foreign exchange gains and losses on the commercially hedged items are recognised as a separate component of other comprehensive income, in accordance with the Group's foreign currencies accounting policy.

Non-headline taxation items

The non-headline items included in taxation are as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Increase in unrecognised UK deferred tax asset	(2)	(1)
Tax credit on non-headline loss	(1)	1
Non-headline taxation charge	(3)	–
Continuing operations – non-headline loss for the year	(35)	(16)

The £3m non-headline taxation charge (31 January 2025: £nil) comprises a charge of £2m (31 January 2025: £1m charge), being a reduction in the UK deferred tax asset. This is offset by credits for the non-headline items above.

ii. Discontinued Operations

The non-headline items for discontinued operations, see note 16 for additional disclosures, were as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 £m
Non-headline operating profit items		
Amortisation of acquisition related intangible assets	(6)	(12)
Corporate restructuring costs	(6)	(1)
Separation-related costs	(20)	–
Impairment loss on reclassification to held for sale	(25)	–
Gain on sale of Smiths Interconnect, Inc (SII) – see note 16	3	–
Non-headline finance costs items		
Foreign exchange gain on intercompany loan with parent	5	–
Other financing gains	–	1
Non-headline taxation items		
Tax on non-headline loss	14	5
Non-headline items in discontinued operations	(35)	(7)

Acquisition related intangible asset amortisation costs of £6m (31 January 2025: £12m) were recognised in the current period. This is considered to be a non-headline item on the basis that these charges result from acquisition accounting and do not relate to current trading activity.

Corporate restructuring charges of £6m (31 January 2025: £1m) were incurred on the previously announced Group-wide Acceleration Plan and are treated as non-headline due to being material and part of a pre-approved programme.

The £20m of separation-related costs (31 January 2025: £nil) recognised during HY26 are the expenses that the Group has incurred on the divestment projects for the Smiths Detection and Smiths Interconnect discontinued operations. These costs have been reported as non-headline as the total cost of the project is both material and non-recurring.

Following the reclassification of the Flex-Tek general industrial business as held for sale, the carrying value of net assets have been impaired to their fair value less costs to sell. This has resulted in a £25m impairment loss being recognised in the current period.

The completion of the sale of SII, Smiths Interconnect's US sub-systems business and the recycling of cumulative foreign exchange translation adjustments has resulted in the Group recognising a £3m net gain in HY26 (31 January 2025: £nil), see note 16 for further details.

The £5m foreign exchange gain on intercompany loan with parent (31 January 2025: £nil) directly offsets the foreign exchange loss in continuing operations. This is excluded from headline net finance costs as these fair value movements are non-operational in nature and are purely a consequence of the presentational requirements for discontinued operations.

The £1m of other financing gains in the prior period represent foreign exchange translation gains.

The £14m non-headline taxation credit (31 January 2025: £5m) comprises credits for the non-headline items above.

4 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders of the Company by the average number of ordinary shares in issue during the period.

	Six months ended 31 January 2026	Six months ended 31 January 2025 Represented*
Profit attributable to equity shareholders for the period - £m		
- Continuing	83	110
- Discontinued	47	57
Total	130	167
Weighted average number of shares in issue for basic earnings per share	322,802,891	342,492,542
Adjustment for potentially dilutive shares	357,488	142,927
Weighted average number of shares in issue for diluted earnings per share	323,160,379	342,635,469
Statutory earnings per share total – basic	40.3p	48.8p
Statutory earnings per share total – diluted	40.2p	48.7p
Statutory earnings per share continuing operations – basic	25.7p	32.1p
Statutory earnings per share continuing operations – diluted	25.7p	32.1p
Statutory earnings per share discontinued operations – basic	14.6p	16.7p
Statutory earnings per share discontinued operations – diluted	14.5p	16.6p

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

A reconciliation of statutory and headline earnings per share is as follows:

	Six months ended 31 January 2026			Six months ended 31 January 2025 - Represented*		
	£m	Basic EPS (p)	Diluted EPS (p)	£m	Basic EPS (p)	Diluted EPS (p)
Basic earnings per share:						
Total profit attributable to equity shareholders of the Parent Company	130	40.3p	40.2p	167	48.8p	48.7p
Exclude: Non-headline items (note 3)	70			23		
Headline earnings per share	200	62.0p	61.9p	190	55.5p	55.5p
Profit from continuing operations attributable to equity shareholders of the Parent Company	83	25.7p	25.7p	110	32.1p	32.1p
Exclude: Non-headline items (note 3)	35			16		
Headline earnings per share – continuing operations	118	36.6p	36.5p	126	36.8p	36.8p

5 Taxation

The interim tax rate for continuing operations of 32.9% (31 January 2025: 25.9%) is calculated by applying the estimated effective headline tax rate of 24.4% (31 January 2025: 24.1%) for the year ended 31 July 2026 to headline profit before tax and then taking into account the tax effect of non-headline items in the interim period.

A reconciliation of headline and total tax charge for continuing operations is as follows:

	Six months ended 31 January 2026		Six months ended 31 January 2025 Represented*	
	£m	Tax rate	£m	Tax rate
Headline tax rate				
Headline profit before taxation	158		168	
Taxation on headline profit	(39)	24.4%	(41)	24.1%
Adjustments				
Non-headline items excluded from profit before taxation (note 3)	(32)		(16)	
Taxation on non-headline items and non-headline tax adjustment	(3)		–	
Total interim tax rate				
Profit before taxation	126		152	
Taxation	(42)	32.9%	(41)	25.9%

The changes in the value of the net tax asset in the period were:

	Current tax £m	Deferred tax £m	Net tax balance £m
At 31 July 2025	(46)	55	9
Foreign exchange gains/(losses)	1	(2)	(1)
Charge to income statement	(43)	1	(42)
Charge to other comprehensive income	–	4	4
Tax paid	42	–	42
Transfer to held for sale	11	4	15
At 31 January 2026	(35)	62	27

Developments in the Group tax position

The Pillar Two (global minimum taxes legislation) charge borne by Group does not have a material impact on the Group's FY26 effective tax rate.

6 Post-retirement benefits

The Group provides post-retirement benefits to employees in a number of countries throughout the world. The arrangements include defined benefit and defined contribution plans and, mainly in the United Kingdom (UK) and United States of America (US), post-retirement healthcare. The principal defined benefit pension plans are in the UK and US, and these have been closed so that no future benefits are accrued.

Following a competitive tender process, a new external qualified actuary has been appointed to provide UK actuarial advice to the Group. However, there are no material changes to the methods used to derive the assumptions or calculate the liabilities.

Where any individual scheme shows a post restriction surplus under IAS 19, this is disclosed on the balance sheet as a retirement benefit asset. The IAS 19 surplus of any one scheme is not available to fund the IAS 19 deficit of another scheme. The surplus is recognised as a retirement benefit asset to the extent the employers have the right to recover the surplus at the end of the life of the scheme, assuming all liabilities have been extinguished. The schemes are mature with a duration averaged over all scheme participants of 10 years.

The amounts recognised in the balance sheet are as follows:

	31 January 2026 £m	31 July 2025 £m
Market value of scheme assets	2,327	2,338
Present value of funded scheme liabilities	(2,204)	(2,213)
Surplus restriction	(5)	(11)
Surplus	118	114
Unfunded pension plans	(82)	(79)
Post-retirement healthcare	(4)	(3)
Present value of unfunded obligations	(86)	(82)
Net retirement benefit asset	32	32
Retirement benefit assets	123	128
Retirement benefit liabilities	(54)	(96)
Businesses held for sale – retirement benefit liabilities	(37)	–
Net retirement benefit asset	32	32

The decrease in the value of scheme liabilities is principally due to changes in market conditions offset by the decrease in the discount rate assumptions. The changes in market conditions also led to a corresponding decrease in the value of scheme assets which was broadly in line with the decrease in liabilities, leading to the surplus recognised in the balance sheet remaining unchanged at 31 January 2026.

The changes in market conditions have had no impact on any funding arrangements.

The principal assumptions used in updating the valuations are set out below:

	31 January 2026		31 July 2025	
	UK	US	UK	US
Weighted average rate of increase in benefits for active deferred members	4.2%	n/a	4.1%	n/a
Rate of increase in pensions in payment	3.2%	n/a	3.1%	n/a
Rate of increase in deferred pensions	3.2%	n/a	3.1%	n/a
Discount rate	5.5%	5.4%	5.6%	5.5%

The methods for setting the assumptions are consistent with those used for the 31 July 2025 valuation. The UK discount rate has been set based on the weighted average duration across the two key pension arrangements. During the year, a change was made to our UK actuarial provider resulting in minor differences in how the IAS 19 discount rate and inflation assumptions are derived. However the underlying principles for how these assumptions are derived remains unchanged and so the impact of the change in provider is expected to be de-minimis.

Present value of funded scheme liabilities and assets for the main UK and US schemes

	31 January 2026 – £m			31 July 2025 – £m		
	SIPS	TIGPS	US schemes	SIPS	TIGPS	US schemes
Present value of funded scheme liabilities						
– Active deferred members	(35)	(16)	(25)	(12)	(8)	(26)
– Deferred members	(307)	(260)	(69)	(332)	(260)	(71)
– Pensioners	(838)	(538)	(88)	(841)	(544)	(91)
Present value of funded scheme liabilities	(1,180)	(814)	(182)	(1,185)	(812)	(188)
Market value of scheme assets	1,300	819	185	1,313	823	180
Surplus restriction	–	(5)	–	–	(11)	–
Surplus/(deficit)	120	–	3	128	–	(8)

Contributions

Company contributions to funded and unfunded defined benefit pension and post-retirement healthcare plans totalled £11m (HY25: £7m), which included a planned £10m (HY25: £5m) contribution to the US funded pension scheme.

The changes in the present value of the net pension balance in the period were:

	Six months ended 31 January 2026 £m	Year ended 31 July 2025 £m
At beginning of period	32	29
Current service cost	(1)	(2)
Headline scheme administration costs	(1)	(2)
Non-headline scheme administration costs	(2)	(4)
Finance income – retirement benefits	3	3
Contributions by employer	11	11
Actuarial losses	(10)	(3)
Net retirement benefit asset at end of period	32	32

Recent legal rulings

In July 2024, the UK Court of Appeal upheld the High Court's June 2023 ruling in the Virgin Media v NTL Pension Trustees II court case relating to Section 37 of the Pension Schemes Act 1993 and amendments to benefits for contracted-out defined benefit schemes, such as SIPS and TIGPS. The ruling confirmed the need for an actuarial confirmation where such schemes made changes to benefits between 6 April 1997 and 5 April 2016, and any amendments were void without the appropriate confirmation.

On 2 September 2025, the Government published draft amendments to legislation that aim to give affected pension schemes the ability to retrospectively obtain any necessary actuarial confirmations confirming historical benefit changes met the applicable standards. These amendments are unlikely to come into force until later in 2026. The Group does not expect this ruling to have any impact on its defined benefit obligations and SIPS and TIGPS will continue to be administered on the current basis.

7 Intangible assets

	Goodwill £m	Development costs £m	Acquired intangibles £m	Software, patents and intellectual property £m	Total £m
Cost					
At 31 July 2025	1,055	210	589	134	1,988
Exchange adjustments	(19)	(3)	(17)	(2)	(41)
Business combinations	6	–	–	–	6
Disposals	–	–	(7)	–	(7)
Reclassification of assets held for sale	(658)	(207)	(223)	(51)	(1,139)
At 31 January 2026	384	–	342	81	807
Amortisation					
At 31 July 2025	39	134	413	118	704
Exchange adjustments	(1)	(2)	(11)	(2)	(16)
Charge for the period	–	4	21	2	27
Disposals	–	–	(7)	–	(7)
Reclassification of assets held for sale	(38)	(136)	(178)	(48)	(400)
At 31 January 2026	–	–	238	70	308
Net book value at 31 January 2026	384	–	104	11	499
Net book value at 31 July 2025	1,016	76	176	16	1,284

Review for impairment assessment trigger events

In accordance with IAS 34 'Interim financial reporting', management has undertaken a review for indications of impairment and concluded that no impairment assessment trigger events have occurred in the half year.

8 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
Cost or valuation				
At 31 July 2025	171	430	87	688
Exchange adjustments	(3)	(7)	(1)	(11)
Additions	4	16	3	23
Disposals	(5)	(5)	(1)	(11)
Reclassification of assets held for sale	(49)	(85)	(32)	(166)
At 31 January 2026	118	349	56	523
Depreciation				
At 31 July 2025	111	262	71	444
Exchange adjustments	(2)	(5)	(1)	(8)
Charge for the period	3	11	2	16
Disposals	(5)	(5)	(1)	(11)
Impairment charge for the year	2	10	1	13
Reclassification of assets held for sale	(31)	(63)	(29)	(123)
At 31 January 2026	78	210	43	331
Net book value at 31 January 2026	40	139	13	192
Net book value at 31 July 2025	60	168	16	244

9 Right of use assets

	Properties £m	Vehicles £m	Equipment £m	Total £m
Cost				
At 31 July 2025	171	23	1	195
Foreign exchange rate movements	(4)	–	–	(4)
Business combinations	1	–	–	1
Recognition of right of use assets	20	1	–	21
Derecognition of right of use assets	(4)	(3)	–	(7)
Reclassification of assets held for sale	(41)	(6)	(1)	(48)
At 31 January 2026	143	15	-	158
Depreciation				
At 31 July 2025	85	11	–	96
Foreign exchange rate movements	(3)	–	–	(3)
Charge for the year	12	3	–	15
Impairment charge for the year	2	–	–	2
Derecognition of right of use assets	(4)	(3)	–	(7)
Reclassification of assets held for sale	(24)	(3)	–	(27)
At 31 January 2026	68	8	–	76
Net book value at 31 January 2026	75	7	–	82
Net book value at 31 July 2025	86	12	1	99

10 Financial assets – other investments

	Investments in early stage businesses £m	Cash collateral deposit £m	Total £m
At 31 July 2025	5	1	6
Reclassification of assets held for sale	(1)	–	(1)
At 31 January 2026	4	1	5

11 Borrowings and net debt

This note sets out the calculation of net debt, an important measure in explaining our financing position. The net debt figure includes accrued interest and fair value adjustments to debt relating to hedge accounting.

	31 January 2026 £m	31 July 2025 £m
Cash and cash equivalents		
Net cash and cash equivalents	345	195
Short-term borrowings		
Lease liabilities	(18)	(29)
Interest accrual	(13)	(3)
	(31)	(32)
Long-term borrowings		
€650m 2.00% Eurobond 2027	(560)	(556)
€650m 3.625% Eurobond 2033	(552)	–
Lease liabilities	(69)	(79)
	(1,181)	(635)
Borrowings/gross debt	(1,212)	(667)
Derivatives managing interest rate risk and currency profile of the debt	8	10
Net debt (excludes £16m of net cash in discontinued operations)	(859)	(462)

Analysis of financial derivatives on balance sheet

	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Net balance £m
Derivatives managing interest rate risk and currency profile of the debt	24	–	–	(16)	8
Foreign exchange forward contracts	–	6	(2)	–	4
At 31 January 2026	24	6	(2)	(16)	12
Derivatives managing interest rate risk and currency profile of the debt	10	–	–	–	10
Foreign exchange forward contracts	–	7	(2)	–	5
At 31 July 2025	10	7	(2)	–	15

Movements in net debt

	Cash and cash equivalents £m	Short-term borrowings £m	Long-term borrowings £m	Interest rate and cross currency swaps £m	Net debt £m
At 31 July 2025	195	(32)	(635)	10	(462)
Foreign exchange gains/(losses)	(12)	–	9	–	(3)
Net increase in cash and cash equivalents	179	–	–	–	179
Movement in net debt items held in disposal group	(17)	4	15	–	2
Lease payments	–	21	–	–	21
Interest paid	–	26	–	–	26
Interest expense	–	(35)	–	–	(35)
Changes due to proceeds from debt	–	–	(565)	–	(565)
Fair value movements	–	–	1	(2)	(1)
Net movement from new leases and modifications	–	(21)	–	–	(21)
Reclassifications	–	6	(6)	–	–
At 31 January 2026	345	(31)	(1,181)	8	(859)

12 Fair value of financial instruments

	Basis for determining fair value	As at 31 January 2026					As at 31 July 2025				
		At amortised cost £m	At fair value through profit or loss £m	At fair value through OCI £m	Total carrying value £m	Total fair value £m	At amortised cost £m	At fair value through profit or loss £m	At fair value through OCI £m	Total carrying value £m	Total fair value £m
Financial assets											
Other investments	A	–	1	–	1	1	–	1	–	1	1
Other investments	F	–	–	4	4	4	–	–	5	5	5
Cash and cash equivalents	A	345	–	–	345	345	195	–	–	195	195
Trade and other financial receivables	B/C	438	–	–	438	438	744	–	–	744	744
Derivative financial instruments	C	–	30	–	30	30	–	17	–	17	17
Total financial assets		783	31	4	818	818	939	18	5	962	962
Financial liabilities											
Trade and other financial payables	B	(238)	–	–	(238)	(238)	(468)	(14)	–	(482)	(482)
Short-term borrowings	B/D	(13)	–	–	(13)	(13)	(3)	–	–	(3)	(3)
Long-term borrowings	D	(1,112)	–	–	(1,112)	(1,123)	(556)	–	–	(556)	(557)
Lease liabilities	E	(87)	–	–	(87)	(87)	(108)	–	–	(108)	(108)
Derivative financial instruments	C	–	(18)	–	(18)	(18)	–	(2)	–	(2)	(2)
Total financial liabilities		(1,450)	(18)	–	(1,468)	(1,479)	(1,135)	(16)	–	(1,151)	(1,152)

The fair value of a financial instrument is the price at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair values have been determined with reference to available market information at the balance sheet date, using the methodologies described below:

- A Carrying value is assumed to be a reasonable approximation to fair value for all of these assets and liabilities (Level 1 as defined by IFRS 13 Fair Value Measurement).
- B Carrying value is assumed to be a reasonable approximation to fair value for all of these assets and liabilities (Level 2 as defined by IFRS 13 Fair Value Measurement).
- C Fair values of derivative financial assets and liabilities and trade receivables held to collect or sell are estimated by discounting expected future contractual cash-flows using prevailing interest rate curves. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS 13 Fair Value Measurement).
- D Borrowings are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of borrowings is estimated using quoted prices (Level 1 as defined by IFRS 13).
- E Leases are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of the lease contract is estimated by discounting contractual future cash-flows (Level 2 as defined by IFRS 13).
- F The fair value of instruments is estimated by using unobservable inputs to the extent that relevant observable inputs are not available. Unobservable inputs are developed using the best information available in the circumstances, which may include the Group's own data, taking into account all information about market participation assumptions that is reliably available (Level 3 as defined by IFRS 13).

IFRS 13 defines a three level valuation hierarchy:

- Level 1 - quoted prices for similar instruments
- Level 2 - directly observable market inputs other than Level 1 inputs
- Level 3 - inputs not based on observable market data

13 Provisions and contingent liabilities

	Headline	Non-headline and legacy			Total
	£m	John Crane, Inc. litigation £m	Titeflex Corporation litigation £m	Other £m	£m
Current liabilities	12	23	7	14	56
Non-current liabilities	7	168	19	4	198
At 31 July 2025	19	191	26	18	254
Foreign exchange rate movements	(1)	(7)	(1)	–	(9)
Provision charged	7	–	4	2	13
Provision released	(1)	(8)	–	–	(9)
Unwind of provision discount	–	4	–	–	4
Utilisation	(2)	(6)	(1)	(6)	(15)
Reclassification of liability held for sale	(21)	–	–	(3)	(24)
At 31 January 2026	1	174	28	11	214
Current liabilities	–	22	8	8	38
Non-current liabilities	1	152	20	3	176
At 31 January 2026	1	174	28	11	214

The John Crane, Inc. and Titeflex Corporation litigation provisions are the only provisions which are discounted.

Headline provisions and contingent liabilities:**Warranty provision and product liability**

At 31 January 2026 there are warranty and product liability provisions of £1m (31 July 2025: £1m continuing operations, £16m discontinued operations). Warranties over the Group's products typically cover periods of between one and three years. Provision is made for the likely cost of after-sales support based on the recent past experience of individual businesses.

Commercial disputes and litigation in respect of ongoing business activities

The Group has on occasion been required to take legal action to protect its intellectual property and other rights against infringement. It has also had to defend itself against proceedings brought by other parties, including product liability and insurance subrogation claims. Provision is made for any expected costs and liabilities in relation to these proceedings where appropriate, although there can be no guarantee that such provisions (which may be subject to potentially material revision from time to time) will accurately predict the actual costs and liabilities that may be incurred.

Contingent liabilities

In the ordinary course of its business, the Group is subject to commercial disputes and litigation such as government price audits, product liability claims, employee disputes and other kinds of lawsuits, and faces different types of legal issues in different jurisdictions. The high level of activity in the US, for example, exposes the Group to the likelihood of various types of litigation commonplace in that country, such as 'mass tort' and 'class action' litigation, legal challenges to the scope and validity of patents, and product liability and insurance subrogation claims. These types of proceedings (or the threat of them) are also used to create pressure to encourage negotiated settlement of disputes. Any claim brought against the Group (with or without merit) could be costly to defend. These matters are inherently difficult to quantify. In appropriate cases a provision is recognised based on best estimates and management judgement, but there can be no guarantee that these provisions (which may be subject to potentially material revision from time to time) will result in an accurate prediction of the actual costs and liabilities that may be incurred. There are also contingent liabilities in respect of litigation for which no provisions are made.

The Group operates in some markets where the risk of unethical or corrupt behaviour is material and has procedures, including an employee 'Ethics Alertline', to help it identify potential issues. Such procedures will, from time to time, give rise to internal investigations, sometimes conducted with external support, to ensure that the Group properly understands risks and concerns and can take steps both to manage immediate issues and to improve its practices and procedures for the future. The Group is not aware of any issues which are expected to generate material financial exposures.

Non-headline and legacy provisions and contingent liabilities:**John Crane, Inc.**

John Crane, Inc. ("JCI") is one of many co-defendants in numerous lawsuits pending in the US in which plaintiffs are claiming damages arising from alleged exposure to, or use of, products previously manufactured which contained asbestos. The JCI products generally referred to in these cases consist of industrial sealing product, primarily packing and gaskets. The asbestos was encapsulated within these products in such a manner that causes JCI to believe, based on tests conducted on its behalf, that the products were safe. JCI ceased manufacturing products containing asbestos in 1985.

The table below summarises the JCI claims experience over the last 40 years since the start of this litigation:

	31 January 2026	31 July 2025	31 July 2024	31 July 2023	31 July 2022
JCI claims experience					
Claims against JCI that have been dismissed	314,000	313,000	312,000	310,000	306,000
Claims in which JCI is currently a defendant	21,000	21,000	20,000	20,000	22,000
Cumulative final judgments, after appeals, against JCI since 1979	157	157	156	154	149
Cumulative value of awards (\$m) since 1979	192	192	191	190	175

John Crane, Inc. litigation insurance recoveries

JCI has certain excess liability insurance which may provide coverage for certain asbestos claims. JCI has also collected recoveries from its insurers in settlement of now concluded litigation in the US. JCI meets its asbestos defence costs directly. The calculation of the provision does not take account of any recoveries from insurers. See table below for the cost recovery achieved in both the current and prior periods.

John Crane, Inc. litigation provision

The provision is based on past history and published tables of asbestos incidence projections and is determined using asbestos valuation experts, Bates White LLC. The assumptions made in assessing the appropriate level of provision include: the period over which the expenditure can be reliably estimated; the future trend of legal costs; the rate of future claims filed; the rate of successful resolution of claims; and the average amount of judgments awarded.

The JCI asbestos litigation provision has developed in the period as follows:

	Six months ended 31 January 2026 £m	Year ended 31 July 2025 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m
John Crane, Inc. litigation provision					
Gross provision	208	231	261	246	258
Discount	(34)	(40)	(41)	(42)	(29)
Discounted provision	174	191	220	204	229
Taxation	(42)	(46)	(54)	(51)	(57)
Discounted post-tax provision	132	145	166	153	172
Operating profit (credit)/charge					
(Decreased)/Increased provision for adverse judgments and legal defence costs	(7)	(11)	28	28	24
Change in US risk free rates	(2)	(1)	1	(15)	(18)
Subtotal – items (released)/charged to the provision	(9)	(12)	29	13	6
Litigation management expense - legal fees in connection with litigation against insurers and defence strategy	1	–	–	2	1
Recoveries from insurers	–	(1)	(3)	(7)	–
Total operating profit (credit)/charge	(8)	(13)	26	8	7
Cash-flow					
Provision utilisation - legal defence costs and adverse judgements	(6)	(18)	(21)	(32)	(21)
Litigation management expense	(1)	–	–	(2)	(1)
Recoveries from insurers	–	1	3	7	–
Net cash outflow	(7)	(17)	(18)	(27)	(22)

John Crane, Inc. litigation provision sensitivities

The provision may be subject to potentially material revision from time to time if new information becomes available as a result of future events. There can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred because of the significant uncertainty associated with the future level of asbestos claims and of the costs arising out of related litigation.

Statistical reliability of projections over the ten year time horizon

In order to evaluate the statistical reliability of the projections, a population of outcomes is modelled using randomised verdict outcomes. This generated a distribution of outcomes with future spend at the 5th percentile of £156m and future spend at the 95th percentile of £210m (31 July 2025: £170m and £230m, respectively). Statistical analysis of the distribution of these outcomes indicates that there is a 50% probability that the total future spend will fall between £193m and £218m and (31 July 2025: between £214m and £242m), compared with the gross provision value of £208m (31 July 2025: £231m).

Sensitivity of the projections to changes in the time horizon used

If the asbestos litigation environment becomes more volatile and uncertain, the time horizon over which the provision can be calculated may reduce. Conversely, if the environment became more stable, or JCI changed approach and committed to long term settlement arrangements, the time period covered by the provision might be extended.

The projections use a 10 year time horizon. Reducing the time horizon by one year would reduce the discounted pre-tax provision by £14m (31 July 2025: £15m) and reducing it by five years would reduce the discounted pre-tax provision by £75m (31 July 2025: £85m).

We consider, after obtaining advice from Bates White LLC, that to forecast beyond ten years requires that the litigation environment remains largely unchanged with respect to the historical experience used for estimating future asbestos expenditures. Historically, the asbestos litigation environment has undergone significant changes more often than every ten years. If one assumed that the asbestos litigation environment would remain unchanged for longer and extended the time horizon by one year, it would increase the discounted pre-tax provision by £11m (31 July 2025: £13m); extending it by five years would increase the discounted pre-tax provision by £40m (31 July 2025: £45m). However, there are also reasonable scenarios that, given certain recent events in the US asbestos litigation environment, would result in no additional asbestos litigation for JCI beyond ten years. At this time, how the asbestos litigation environment may evolve beyond 10 years is not reasonably estimable.

John Crane, Inc. contingent liabilities

Provision has been made for future defence costs and the cost of adverse judgments expected to occur. JCI's claims experience is significantly impacted by other factors which influence the US litigation environment. These include: changing approaches on the part of the plaintiffs' bar; changing attitudes amongst the judiciary at both trial and appellate levels; and legislative and procedural changes in both the state and federal court systems. As a result, whilst the Group anticipates that asbestos litigation will continue beyond the period covered by the provision, the uncertainty surrounding the US litigation environment beyond this point is such that the costs cannot be reliably estimated.

Although the methodology used to calculate the JCI litigation provision can in theory be applied to show claims and costs for longer periods, the directors consider, based on advice from Bates White LLC, that the level of uncertainty regarding the factors used in estimating future costs is too great to provide for reasonable estimation of the number of future claims, the nature of such claims or the cost to resolve them for years beyond the 10 year time horizon.

Titeflex Corporation litigation

In recent years Titeflex Corporation, a subsidiary of the Group in the Flex-Tek business segment, has received a number of claims from insurance companies seeking recompense on a subrogated basis for the effects of damage allegedly caused by lightning strikes in relation to its flexible gas piping product. It has also received a number of product liability claims regarding this product, some in the form of purported class actions. Titeflex Corporation believes that its products are a safe and effective means of delivering gas when installed in accordance with the manufacturer's instructions and local and national codes; however some claims have been settled on an individual basis without admission of liability. Equivalent third-party products in the US marketplace face similar challenges.

Titeflex Corporation litigation provision

The continuing progress of claims and the pattern of settlement provide sufficient evidence to recognise a liability in the accounts. Therefore provision has been made for the costs which the Group is expected to incur in respect of future claims to the extent that such costs can be reliably estimated. Titeflex Corporation sells flexible gas piping with extensive installation and safety guidance (revised in 2008) designed to assure the safety of the product and minimise the risk of damage associated with lightning strikes.

The assumptions made in assessing the appropriate level of provision, which are based on past experience, include: the period over which expenditure can be reliably estimated; the number of future settlements; the average amount of settlements; and the impact of statutes of repose and safe installation initiatives on the expected number of future claims. The assumptions relating to the number of future settlements exclude FY21 claims history as the number of claims arising in this financial year is considered to be artificially deflated due to the impact of COVID-19 lockdowns.

The provision of £28m (31 July 2025: £26m) is a discounted pre-tax provision using discount rates, being the risk-free rate on US debt instruments for the appropriate period. The deferred tax asset related to this provision is shown within the deferred tax balance.

	31 January 2026 £m	31 July 2025 £m
Gross provision	59	56
Discount	(31)	(30)
Discounted pre-tax provision	28	26
Taxation	(7)	(6)
Discounted post-tax provision	21	20

Other non-headline and legacy

Legacy provisions comprise provisions relating to former business activities and properties no longer used by Smiths. Non-headline provisions comprise provisions that were disclosed as non-headline items when they were charged to the consolidated income statement and provisions recognised as a result of business acquisition. These provisions include non-headline reorganisation, separation expenses, acquisition earnouts, disposal indemnities and litigation in respect of old products and discontinued business activities.

14 Share capital

	Number of shares	Issued capital £m	Consideration £m
Ordinary shares of 37.5p each			
At 31 July 2024	345,097,794	130	
Share buybacks	(2,485,179)	(1)	(44)
At 31 January 2025	342,612,615	129	
At 31 July 2025	329,684,303	124	
Share buybacks	(13,184,199)	(5)	(320)
At 31 January 2026	316,500,104	119	

Share buybacks

On 26 March 2024, the Group announced a series of share buybacks culminating, on 31 January 2025, in an announcement to increase the previously announced £150m programme to £500m. The additional £350m commenced on 25 March 2025 and completed on 3 December 2025. During the current period, the Group purchased and cancelled 6,579,144 shares for a total consideration of £159m.

On 26 November 2025, the Group announced a new £1bn share buyback programme, the first tranche of which will total £600m, to be completed by July 2026. At 31 January 2026, the Group had purchased and cancelled 6,605,055 shares for a total consideration of £161m. In addition, 750,000 shares had been purchased for a total consideration of £19m but were yet to settle and be cancelled.

15 Dividends

The following dividends were declared and paid in the period:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 £m
Dividends paid in the period	104	104

In the current period an ordinary final dividend of 31.77p (31 January 2025: 30.2p) was paid on 21 November 2025.

An interim dividend of 15.0 pence per share was declared by the Board on 19 March 2026 and will be paid to shareholders on 13 May 2026. This dividend has not been included as a liability in these accounts and is payable to all shareholders on the register of members at close of business on 7 April 2026.

The Company offers a Dividend Reinvestment Plan ("DRIP") enabling shareholders to use their cash dividend to buy further shares in the Company – see www.shareview.co.uk/info/drip and our website for details. The DRIP is provided by Equiniti Financial Services Limited. To participate in the DRIP, shareholders must submit their election notice to be received by 21 April 2026 ("the Election Date"). Elections received after the Election Date will apply to dividends paid after 13 May 2026. Purchases under the DRIP are made on, or as soon as practicable after, the dividend payment date and at prevailing market prices.

16 Discontinued operations and businesses held for sale

On 31 January 2025 Smiths Group plc announced the intention to divest of the Smiths Interconnect business in the calendar year 2025 and that Smiths Detection would be separated either by UK demerger or sale following the sale of Smiths Interconnect. For the FY25 annual report and accounts it was concluded that the Smiths Interconnect businesses met the classification criteria for discontinued operations and held for sale, whilst Smiths Detection separation was not yet sufficiently advanced for the Smiths Detection business to be accounted for as a discontinued operation or a business held for sale or distribution to owners.

During HY26 Smiths Group plc has agreed the sale of both the Smiths Detection and Smiths Interconnect businesses and completion of these transactions is expected in the calendar year 2026, subject to works council consultation and customary regulatory approvals. Additionally the Group has commenced a disposal programme for Flex-Tek's general industrial businesses, this programme is anticipated to be completed within FY26.

The Smiths Interconnect, Smiths Detection and Flex-Tek general industrial divestment projects have progressed sufficiently for these disposal groups to be accounted for as businesses held for sale. Smiths Interconnect and Smiths Detection are separate major lines of business for the Group and therefore are presented as discontinued operations. Although not quantitatively material, the Flex-Tek general industrial businesses have been presented as discontinued operations to ensure a fair presentation of the continuing Group's results.

The financial performance of discontinued operations in the current and prior period is presented below:

	Six months ended 31 January 2026			Six months ended 31 January 2025 - Represented*		
	Headline £m	Non-headline £m	Total £m	Headline £m	Non-headline £m	Total £m
Revenue	711	–	711	684	–	684
Operating costs	(597)	(54)	(651)	(596)	(13)	(609)
Operating profit/(loss)	114	(54)	60	88	(13)	75
Interest receivable	5	–	5	1	–	1
Interest payable	(4)	–	(4)	(1)	–	(1)
Other financing (losses)/gains	–	5	5	–	1	1
Finance income	1	5	6	–	1	1
Profit/(loss) before taxation	115	(49)	66	88	(12)	76
Taxation	(33)	14	(19)	(24)	5	(19)
PROFIT/(LOSS) FOR THE PERIOD	82	(35)	47	64	(7)	57

Additional segmental information for discontinued operations

	Six months ended 31 January 2026			
	Smiths Interconnect £m	Smiths Detection £m	Other £m	Total £m
Revenue	189	497	25	711
Headline operating profit/(loss)	40	76	(2)	114
Items excluded from headline measures (note 3)	(4)	(25)	(25)	(54)
Operating profit/(loss) for the period	36	51	(27)	60
Operating profit for the period is stated after charging:				
Depreciation	–	7	1	8
Amortisation	–	10	–	10
Share-based payments	1	1	–	2
Reconciliation of statutory headline operating profit to reported underlying headline operating profit:				
Headline operating profit/(loss)	40	76	(2)	114
Headline amortisation and depreciation paused under IFRS5	(5)	(7)	–	(12)
Reported underlying headline operating profit/(loss)	35	69	(2)	102

	Six months ended 31 January 2025			
	Smiths Interconnect £m	Smiths Detection £m	Other £m	Total £m
Revenue	202	454	28	684
Headline operating profit/(loss) *	35	51	2	88
Items excluded from headline measures (note 3)	(1)	(12)	–	(13)
Operating profit for the period	34	39	2	75
Operating profit for the period is stated after charging:				
Depreciation	5	10	1	16
Amortisation	2	22	–	24
Share-based payments	1	1	–	2

* Headline operating profit/(loss) and underlying reported headline operating profit/(loss) are the same for HY25.

Gain on sale of Smiths Interconnect, Inc (SII)

The sale of SII, Interconnect's US sub-systems business completed on 1st October 2025. The effect of this disposal on the financial position of the Group is as follows:

	Six months ended 31 January 2026 £m
Inventories	10
Trade and other receivables	11
Cash and cash equivalents	3
Lease liabilities	(2)
Trade and other payables	(9)
Deferred tax liabilities	(1)
Net assets disposed of	12
Consideration received:	
Cash and cash equivalents received	3
Cash and cash equivalents deferred	3
Transaction costs	(1)
Cash and cash equivalents, net of transaction costs	5
Loss on sale before reclassification of foreign currency translation reserve	(7)
Exchange movements recycled to the income statement	25
Net Investment hedge reserve recycled to the income statement	(15)
Gain on sale of discontinued operation	3
Net investing activity cashflows arising on disposal:	
Consideration received in cash and cash equivalents	3
Less cash and cash equivalents disposed of	(3)
	-

Smiths Detection acquisition of Med Graphix, Inc

In August 2025, Smiths Detection completed the acquisition of 100% of the assets of Med Graphix, Inc. for consideration of £6m. The business acquisition created £6m of goodwill. The acquisition will provide repair and refurbishment services for Smiths Detection in North America.

Cash-flow from discontinued operations included in the consolidated cash-flow statement is as follows:

	Year ended 31 January 2026 £m	Year ended 31 January 2025 £m
Net cash inflow from operating activities	40	74
Net cash-flow used in investing activities	(10)	(10)
Net cash-flow used in financing activities	(47)	(37)
Net increase in cash and cash equivalents	(17)	27

Businesses held for sale

At 31 January 2026 the Smiths Interconnect, Smiths Detection and the Flex-Tek general industrials disposal groups met the criteria for classification as held for sale. The carrying value of the assets and liabilities of these disposal groups are as follows:

	Detection £m	Interconnect £m	Other £m	Total 31 January 2026 £m
Assets classified as held for sale:				
Intangible assets	739	269	–	1,008
Property, plant and equipment	44	48	–	92
Right of use assets	20	7	1	28
Financial assets – other investments	1	–	–	1
Inventories	328	73	3	404
Deferred tax assets	23	2	5	30
Current tax receivable	8	3	6	17
Trade and other receivables	309	63	9	381
Cash and cash equivalents	24	24	–	48
Assets classified as held for sale	1,496	489	24	2,009
Liabilities classified as held for sale:				
Financial liabilities - leases	(21)	(7)	(4)	(32)
Trade and other payables	(348)	(73)	(7)	(428)
Current tax payable	(31)	(8)	–	(39)
Retirement benefit obligations	(37)	–	–	(37)
Deferred tax liabilities	(29)	(5)	–	(34)
Provisions for liabilities and charges	(22)	(1)	(2)	(25)
Liabilities classified as held for sale	(488)	(94)	(13)	(595)

17 Cash-flow from operating activities

	Six months ended 31 January 2026			Six months ended 31 January 2025		
	Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
Operating profit:						
- Continuing	181	(22)	159	181	(14)	167
- Discontinued	114	(54)	60	88	(13)	75
Amortisation of intangible assets	6	21	27	13	27	40
Impairment loss on reclassification to held for sale	–	25	25	–	–	–
Depreciation of property, plant and equipment	15	1	16	21	–	21
Depreciation of right of use assets	15	–	15	18	–	18
Gain on disposal of business	–	(3)	(3)	–	–	–
Loss on disposal of property, plant and equipment	–	–	–	2	–	2
Loss on disposal of financial asset	–	–	–	–	3	3
Share-based payment expense	9	–	9	8	–	8
Retirement benefits	3	(9)	(6)	2	(5)	(3)
Recycling of cash flow hedge reserve	(3)	–	(3)	–	–	–
Increase in inventories	(49)	–	(49)	(48)	–	(48)
Decrease in trade and other receivables	7	–	7	35	1	36
(Decrease)/increase in trade and other payables	(55)	–	(55)	(27)	2	(25)
Increase/(decrease) in provisions	5	(16)	(11)	2	(29)	(27)
Cash generated from operations	248	(57)	191	295	(28)	267
Interest paid	(26)	–	(26)	(23)	–	(23)
Interest received	17	–	17	19	–	19
Tax paid	(59)	–	(59)	(58)	–	(58)
Net cash inflow/(outflow) from operating activities	180	(57)	123	233	(28)	205

The split of tax payments between headline and non-headline only considers the nature of payments made. No adjustment has been made for reductions in tax payments required as a result of tax relief received on non-headline items.

Headline cash measures – continuing operations

The Group measure of headline operating cash excludes interest and tax, and includes capital expenditure supporting organic growth. The Group uses operating cash-flow for the calculation of cash conversion and free cash-flow for management of capital purposes. See note 19 for additional details.

The table below reconciles the Group's net cash-flow from operating activities to headline operating cash-flow and free cash-flow:

	Six months ended 31 January 2026			Six months ended 31 January 2025		
	Headline £m	Non-headline £m	Total £m	Headline £m	Non-headline £m	Total £m
Net cash inflow/(outflow) from operating activities	180	(57)	123	233	(28)	205
Include:						
Expenditure on capitalised development, other intangible assets and property, plant and equipment	(29)	–	(29)	(41)	–	(41)
Repayment of lease liabilities	(21)	–	(21)	(21)	–	(21)
Disposal of property, plant and equipment	1	–	1	–	–	–
Free cash-flow			74			143
Exclude:						
Repayment of lease liabilities	21	–	21	21	–	21
Interest paid	26	–	26	23	–	23
Interest received	(17)	–	(17)	(19)	–	(19)
Tax paid	59	–	59	58	–	58
Operating cash-flow	220	(57)	163	254	(28)	226

Headline cash conversion

Headline operating cash conversion for the total Group is calculated as follows:

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Headline operating profit	295	269
Headline amortisation and depreciation paused under IFRS5	(12)	–
Reported underlying headline operating profit/(loss)	283	269
Headline operating cash-flow	220	254
Headline operating cash conversion	78%	94%

Reconciliation of free cash-flow to total movement in cash and cash equivalents

	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 £m
Free cash-flow	74	143
Acquisition of businesses	(5)	(89)
Disposal of subsidiaries – post-sale expenses	–	(12)
Disposal of financial assets	–	53
Other net cash-flows used in financing activities (note: repayment of lease liability is included in free cash-flow)	110	(168)
Increase/(decrease) in cash and cash equivalents	179	(73)

18 Related party transactions

The related party transactions in the period were consistent with the nature and size of transactions disclosed in the Annual Report for the year ended 31 July 2025.

19 Alternative performance measures

The Group uses several alternative performance measures ('APMs') in order to provide additional useful information on underlying trends and the performance and position of the Group. APMs are non-GAAP and not defined by IFRS; therefore they may not be directly comparable with other companies' APMs and should not be considered a substitute for IFRS measures.

The Group uses APMs which are common across the industry, in both planning and reporting, to enhance the comparability of information between reporting periods and business units. The measures are also used in discussions with the investment analyst community and by credit rating agencies.

We have identified and defined the following key measures which are used within the business by management to assess the performance of the Group's businesses:

APM term	Definition and purpose
Capital employed	<p>Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets and is adjusted as follows:</p> <ul style="list-style-type: none"> • to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998; and • to eliminate post-retirement benefit assets and liabilities and non-headline litigation provisions related to John Crane, Inc. and Titeflex Corporation, both net of deferred tax, and net debt. <p>It is used to monitor capital allocation within the Group. See below for a reconciliation from net assets to capital employed.</p>
Capital expenditure	<p>Comprises additions to property, plant and equipment, capitalised development and other intangible assets, excluding assets acquired through business combinations; see notes 7 & 8 for an analysis of capital expenditure. This measure quantifies the level of capital investment into ongoing operations.</p>
Divisional headline operating profit ('DHOP')	<p>DHOP comprises divisional earnings before central costs, finance costs and taxation. DHOP is used to monitor divisional performance. A reconciliation of DHOP to operating profit is shown in note 2.</p>
Free cash-flow	<p>Free cash-flow is calculated by adjusting the net cash inflow from operating activities to include capital expenditure, the repayment of lease liabilities, the proceeds from the disposal of property, plant and equipment and the investment in financial assets relating to operating activities and pensions financing outstanding at the balance sheet date. The measure shows cash generated by the Group before discretionary expenditure on acquisitions and returns to shareholders. A reconciliation of free cash-flow is shown in note 17.</p>
Gross debt	<p>Gross debt is total borrowings (bank, bonds and lease liabilities). It is used to provide an indication of the Group's overall level of indebtedness. See note 11 for an analysis of gross debt.</p>
Headline	<p>The Group has defined a 'headline' measure of performance that excludes material non-recurring items or items considered non-operational/trading in nature. Items excluded from headline are referred to as non-headline items. This measure is used by the Group to measure and monitor performance excluding material non-recurring items or items considered non-operational. See note 3 for an analysis of non-headline items.</p>
Headline EBITDA	<p>EBITDA is a widely used profit measure, not defined by IFRS, being earnings before interest, taxation, depreciation and amortisation. See below for a reconciliation of headline operating profit to headline EBITDA.</p>
Net debt	<p>Net debt is total borrowings (bank, bonds and lease liabilities) less cash balances and derivatives used to manage the interest rate risk and currency profile of the debt. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. See note 11 for an analysis of net debt.</p>
Non-headline	<p>The Group has defined a 'headline' measure of performance that excludes material non-recurring items or items considered non-operational/trading in nature. Items excluded from headline are referred to as non-headline items. This is used by the Group to measure and monitor material non-recurring items or items considered non-operational. See note 3 for an analysis of non-headline items.</p>
Operating cash-flow	<p>Comprises free cash-flow and excludes cash-flows relating to the repayment of lease liabilities, interest and taxation. The measure shows how cash is generated from operations in the Group. A reconciliation of operating cash-flow is shown in note 17.</p>
Operating profit	<p>Operating profit is earnings before finance costs and tax. A reconciliation of operating profit to profit before tax is shown on the consolidated income statement. This common measure is used by the Group to measure and monitor performance.</p>
Return on capital employed ('ROCE')	<p>Smiths ROCE is the percentage that headline operating profit represents of the monthly average capital employed over a rolling 12-month basis. Headline operating profit in this measure is adjusted to include the amortisation and depreciation charges for discontinued operations that have been paused in accordance with IFRS 5.</p> <p>This measure of return on invested resources is used to monitor performance and capital allocation within the Group. See below for Group ROCE and note 2 for divisional headline operating profit and divisional capital employed.</p>

The key performance indicators ('KPIs') used by management to assess the performance of the Group's businesses are as follows:

KPI term	Definition and purpose
Dividend cover – headline	Dividend cover is the ratio of headline earnings per share (see note 4) to dividend per share (see note 14). This commonly used measure indicates the number of times the dividend in a financial year is covered by headline earnings.
Earnings per share ('EPS') growth	EPS growth is the growth in headline basic EPS (see note 4), on a reported basis. EPS growth is used to measure and monitor performance.
Free cash-flow (as a % of operating profit)	This measure is defined as free cash-flow divided by headline operating profit averaged over a three-year performance period. This cash generation measure is used by the Group as a performance measure for remuneration purposes.
Greenhouse Gas (GHG) Emissions Reduction	GHG reduction is calculated as the percentage change in normalised Scope 1 & 2 GHG emissions. Normalised is calculated as tCO ₂ e per £m of revenue. This measure is used to monitor environmental performance.
Gross Vitality	Gross Vitality is calculated as the percentage of revenue derived from new products and services launched in the last five years. This measure is used to monitor the effectiveness of the Group's new product development and commercialisation.
My Say Engagement Score	The overall score in our My Say employee engagement survey. The biannual survey is undertaken Group-wide. This measure is used by the Group to monitor employee engagement.
Operating cash conversion	Comprises cash-flow from operations before non-headline items, as a percentage of headline operating profit. This measure is used to show the proportion of headline operating profit converted into cash-flow from operations before investment, finance costs, non-headline items and taxation. The calculation is shown in note 17.
Operating profit margin	Headline operating profit margin is calculated by dividing headline operating profit by revenue. This measure is used to monitor the Group's ability to drive profitable growth and control costs.
Organic growth	Organic growth adjusts the movement in headline performance to exclude the impact of foreign exchange and acquisitions. Organic growth is used by the Group to aid comparability when monitoring performance.
Organic revenue growth (Remuneration)	Organic revenue growth (remuneration) is compounded annualised growth in revenue after excluding the impact of foreign exchange and acquisitions. The measure used for remuneration differs from organic revenue growth in that it is calculated on a compounded annualised basis. This measure has historically been used by the Group for aligning remuneration with business performance.
Percentage of senior leadership positions taken by females	Percentage of senior leadership positions taken by females is calculated as the percentage of senior leadership roles (G14+ group) held by females. This measure is used by the Group to monitor diversity performance.
R&D cash costs as a % of sales	This measure is defined as the cash cost of research and development activities (including capitalised R&D, R&D directly charged to the P&L and customer-funded projects) as a percentage of revenue. Innovation is an important driver of sustainable growth for the Group and this measures our investment in research and development to drive innovation.
Recordable Incident Rate (RIR)	Recordable Incident Rate is calculated as the number of recordable incidents – where an incident requires medical attention beyond first aid – per 100 colleagues, per year across Smiths. This measure is used by the Group to monitor health and safety performance.

Capital employed

Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets adjusted to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998 of £475m (31 January 2025: £478m), and to eliminate post-retirement benefit assets and liabilities, litigation provisions relating to John Crane, Inc. and Titeflex Corporation, both net of related tax, and net debt.

	Notes	31 January 2026 £m	31 January 2025 £m
Net assets		1,680	2,295
Adjust for:			
Goodwill recognised directly in reserves		475	478
Retirement benefit assets and obligations	6	(32)	(25)
Tax related to retirement benefit assets and obligations		15	18
John Crane, Inc. litigation provisions and related tax		132	158
Titeflex Corporation litigation provisions and related tax		21	24
Net debt (includes £16m of net cash from discontinued operations)		843	299
Capital employed		3,134	3,247

Return on capital employed ("ROCE")

	Notes	31 January 2026 £m	31 January 2025 £m
Headline operating profit for previous 12 months – including discontinued operations		606	549
Headline amortisation and depreciation paused under IFRS5		(12)	–
Reported underlying headline operating profit/(loss)		594	549
Average capital employed – including discontinued operations		3,220	3,216
ROCE		18.4%	17.1%

Credit metrics

The Group monitors the ratio of net debt to headline earnings before interest, tax, depreciation and amortisation as part of its management of credit ratings. This ratio is calculated as follows:

Headline earnings before interest, tax, depreciation and amortisation ("headline EBITDA") – total Group

	Notes	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 £m
Headline operating profit – total Group	2	295	269
Exclude:			
– depreciation of property, plant and equipment	8	15	21
– depreciation of right of use assets	9	15	18
– amortisation of development costs	7	4	6
– amortisation of software, patents and intellectual property	7	2	7
Headline EBITDA		331	321

Annualised headline EBITDA – total Group

	Notes	Year ended 31 January 2026 £m	Year ended 31 January 2025 £m
Headline EBITDA for the period		331	321
Add: Headline EBITDA for the previous year		682	611
Exclude: Headline EBITDA for the first six months of the previous year		(321)	(289)
Annualised headline EBITDA		692	643

Ratio of net debt to annualised headline EBITDA – total Group

	Notes	Year ended 31 January 2026 £m	Year ended 31 January 2025 £m
Annualised headline EBITDA		692	643
Net debt (including £16m of net cash from discontinued operations)		843	299
Ratio of net debt to headline EBITDA		1.2	0.5

Headline earnings before interest, tax, depreciation and amortisation ("headline EBITDA") – continuing operations

	Notes	Six months ended 31 January 2026 £m	Six months ended 31 January 2025 Represented* £m
Headline operating profit – continuing operations	2	181	181
Exclude:			
– depreciation of property, plant and equipment	8	10	11
– depreciation of right of use assets	9	11	12
– amortisation of development costs	7	–	–
– amortisation of software, patents and intellectual property	7	2	1
Headline EBITDA		204	205

Annualised headline EBITDA – continuing operations

	Notes	Year ended 31 January 2026 £m	Year ended 31 January 2025 Represented* £m
Headline EBITDA for the period		204	205
Add: Headline EBITDA for the previous year		439	417
Exclude: Headline EBITDA for the first six months of the previous year		(205)	(204)
Annualised headline EBITDA		438	418

* The comparatives for the period ended 31 January 2025 have been represented to reflect the reclassification of the Smiths Interconnect, Smiths Detection and Flex-Tek general industrial businesses as discontinued operations.

20 Post balance sheet events

On 3 March 2026, the Group announced an agreement to acquire DRC Heat Transfer (DRC), a US-based designer and manufacturer of custom heat transfer and cooling solutions, for a purchase price of £164m. DRC will be integrated into the Flex-Tek business to extend Flex-Tek's offering into cooling applications, adding broader thermal solutions capabilities and strengthen Flex-Tek's presence in the power generation market.

The Group will assume control of the business on completion, which is expected in the second half of FY26.