

Historical Capital Allocation Analysis

Executive Summary

This document provides an analysis of capital allocation practices over the last five fiscal years, evaluating the efficiency and outcomes of allocation decisions concerning core business needs, growth initiatives, and shareholder returns.

Annual Allocation Overview (FY2019-FY2023)

Year	Opex / Working Capital	Capex	Acquisitions	R&D	Dividends & Buybacks
2019	\$58M	\$45M	\$12M	\$10M	\$22M
2020	\$61M	\$49M	\$0M	\$13M	\$25M
2021	\$65M	\$42M	\$27M	\$16M	\$30M
2022	\$68M	\$50M	\$8M	\$14M	\$28M
2023	\$71M	\$54M	\$0M	\$18M	\$34M

Allocation Breakdown

Opex & Working Capital

Steady growth in operational spending reflects inflationary pressures and business expansion, maintaining a balance with revenue growth.

Capex

Capital expenditures have focused on modernization and technology upgrades, with moderate year-to-year increases based on strategic priorities.

Acquisitions

Notable acquisition activity in 2021; other years marked by opportunistic, selective investments in complementary businesses.

R&D

Progressive increases over the period indicate prioritization of innovation and long-term growth initiatives.

Dividends & Buybacks

Consistent returns to shareholders, with incremental increases aligned to profitability and available excess capital.

Key Insights

- Capital allocation closely tracked strategic planning cycles, with flexibility for market-driven adjustments.
- Disciplined approach to acquisitions helped avoid overextension and maintained financial stability.
- Allocation to R&D is above industry average, underscoring a competitive advantage in innovation.
- Shareholder returns sustained even during volatile years, reflecting strong underlying free cash flow.

Important Notes

- This analysis is based on audited financial statements and disclosed capital allocation data.
- Year-on-year numbers may be affected by extraordinary or nonrecurring items.
- Historical trends should be contextualized with macroeconomic and industry-specific events.

- Future allocation strategies may differ based on evolving business priorities and market conditions.