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Half year results for the six months ended 30 June 2024

Positioning the Group for outperformance over the medium term

Marshall's plc, a leading manufacturer of sustainable solutions for the built environment, announces its results for the half year ended 30 June 2024.

- Resilient Group performance in weak end markets, with the impact partially mitigated by decisive management actions and the benefit of our diversification strategy
- Landscape Products performance challenging - further self-help actions being implemented at pace
- Balance sheet strengthened through further reduction in net debt
- Board believes that the 2024 outcome will be broadly in-line with its previous expectations
- Capital markets event in November 2024 to set out medium term growth opportunities

Financial summary

£'M	H1 2024	H1 2023	Change
Revenue	306.7	354.1	(13%)
Adjusted results (Notes 1 and 2 below)			
Adjusted EBITDA	50.6	58.8	(14%)
Adjusted operating profit	34.0	41.9	(19%)
Adjusted profit before tax	26.6	33.2	(20%)
Adjusted basic EPS - pence	7.9	10.2	(23%)
Adjusted annualised ROCE (%)	7.6	10.6	(3ppts)
Interim dividend - pence	2.6	2.6	-
Pre-IFRS 16 net debt	155.8	184.6	16%
Reported results			
Operating profit	28.9	26.8	8%
Profit before tax	21.5	16.7	29%
Basic EPS - pence	6.4	5.2	23%

Financial highlights

- Group revenue reduction principally driven by Landscape Products reflecting sustained low levels of new build housing and private housing repair, maintenance and improvement ('RMI') spend.
- Financial performance benefitted from decisive actions taken in 2023 to reduce costs and capacity.
- Adjusted operating cashflow conversion was strong at 111 per cent on an annualised basis reflecting disciplined working capital management.
- Robust balance sheet with a year-on-year net debt reduction of £28.8 million and leverage of 1.8 times adjusted EBITDA (Note 21).

Outlook

- The Board remains cautiously optimistic of a modest recovery in its end markets during the second half of the year predicated on a progressive improvement in the macro-economic environment.
- Against this backdrop and with the benefit of decisive management actions taken in 2023, the Board believes that profit and pre-IFRS16 net debt for the full year will be broadly in-line with its previous expectations.

Matt Pullen, Chief Executive, commented:

"The Group has delivered a resilient performance in weak end markets. The result in the first half is encouraging and demonstrates that the strategy of diversification, building on the Group's historic core Landscape Products business, through the acquisition and improvement of less cyclical businesses in recent years, has resulted in a more balanced Group. In addition, we have maintained our focus on tightly controlling costs and working capital. We are, therefore, pleased to report annualised operating cashflow conversion at 111 per cent and a year-on-year reduction in net debt of £28.8 million, which remains a key capital allocation priority.

Whilst market conditions affected the Landscape Products result, I have a strong view that the segment's performance can be substantially improved through a number of self-help measures which we are implementing at pace. I am excited for the segment's prospects in a market recovery as it will benefit significantly from operational leverage.

We are undertaking a review of the Group's strategy and have identified a number of opportunities to deliver outperformance over the medium term. These include attractive sustainability-driven markets across bricks and masonry, water management and energy transition alongside a cyclical recovery in our core landscape and roofing businesses, supported by the new Government's commitment to increase housebuilding significantly. We will provide more information on our new five-year strategy at a capital markets event on 19 November 2024.

We remain cautiously optimistic of a modest improvement in the Group's end markets during the second half of the year predicated on a progressive improvement in the macro-economic environment. Against this backdrop and with the benefit of ongoing management actions, the Board believes that profitability and pre-IFRS16 net debt for the full year will be broadly in-line with its previous expectations."

Analyst presentation

There will be a live presentation today at 10:00am at the offices of Peel Hunt for analysts and investors, which will also be webcast live. The presentation will be available for analysts and investors who are unable to view the webcast live and can be accessed on Marshalls' website at www.marshalls.co.uk.

Users can register to access the webcast using the following link:

https://brmedia.news/MSLH_HY24

Notes:

1. The results for the period ended 30 June 2024 have been disclosed after adding back adjusting items. These are set out in Note 4.
2. This Half Year Financial Report includes alternative performance measures ('APMs'), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide stakeholders with important additional information on the Group. To support this, we have included an accounting policy note on APMs in the Notes to this Half Year Financial Report, a glossary setting out the APMs that we use, how we use them, an explanation of how they are calculated, and a reconciliation of the APMs to the reported results, where relevant. See Notes 4 and 21 for further details.

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Chief Executive's Statement

Overview

I have now been Chief Executive of Marshalls for six months and I am very excited about the opportunities that lie ahead for the business over the medium term. Our new five-year strategy, which we will formally outline at a capital

markets event in November 2024, is taking shape and I talk more about that below. At the same time, it is clear that we have more work to do to ensure that the Group successfully navigates the challenging markets which we have been experiencing for some time now.

The Group's key end markets of new build housing and private housing RMI, which together contribute around 60 per cent of revenue, were weak in the first half of the current year with activity levels lower than H1 2023. Against this backdrop, the Group delivered a resilient performance during the period with the impact of lower revenue being partially mitigated by the benefit of the decisive management actions taken in 2023. These decisions to mothball capacity and reduce the cost base have delivered the expected cost savings providing some mitigation to the lower volumes. We will continue to focus on managing through lower levels of demand by controlling costs tightly and reducing net debt.

The Landscape Products reporting segment experienced a more difficult period than the Group's other two reporting segments, in part due to market conditions. I also have a strong view that the segment's performance can be substantially improved through a number of self-help measures, which we are implementing at pace, and will benefit significantly from a recovery in market volumes that will drive improved operational leverage. I will share more detailed views on this and our longer-term strategy for Landscape Products in November.

Meanwhile, the strategy of diversification, beyond the Group's historic core Landscape Products business through the acquisition and improvement of less cyclical businesses, has resulted in a more resilient and balanced Group.

The Group is progressing its strategy review process and will outline its new strategy at a capital markets event on 19 November 2024. The review is assisting the management team's identification of opportunities to leverage our diversified portfolio and create greater value and returns over the medium term. This strategy will extend beyond our core landscape and roofing businesses into increasingly attractive sustainability-driven end markets across bricks and masonry, water management and energy transition.

We are therefore optimistic for the future. The combination of an uptick in UK construction activity over the short term and the expectation of a sustained recovery provides the Group, with its operational leverage and market leading brands, products and sustainable solutions, the opportunity to drive profitable growth and deliver outperformance over the medium-term.

Operational Review

Landscape Products

Landscape Products derives around 45 per cent of its revenues from commercial & infrastructure, approximately 30 per cent from new build housing and 25 per cent from private housing RMI. Revenues generated from all end markets contracted during the first half of the year with demand being particularly weak in new build housing and private housing RMI. In addition, the reduction in volumes partially resulted from some loss in market share and steps are being taken to rebuild the Group's distribution points through mutually beneficial trading arrangements. Like-for-like revenue contraction of 19 per cent year-on-year reflected a combination of lower volumes and pressure on price realisation resulting from the impact that weak market demand had on the industry supply and demand dynamics.

Simon Boume, who was recently appointed the Group's Chief Commercial Officer, is leading a transformation programme which will see Landscape Products leverage its market leading positions. In the near term, this is focused on working closely with our customers to strengthen our trading relationships and simplifying our product offer to better meet the needs of our customers in the most profitable segments of the market. In addition, we will drive improved operational efficiencies from our advantaged national manufacturing and supply network and invest in developing our leadership of the reporting segment.

Building Products

Building Products generates around 60 per cent of its revenues from new build housing, around 30 per cent from commercial & infrastructure, with the balance being derived from private housing RMI. Revenue reduced by six per cent year on year driven by continued weakness in new build housing. This performance reflected modest revenue growth in the Group's drainage business, supported by a pivot in revenues from new build housing to commercial & infrastructure end markets, offset by revenue contraction in the bricks and mortars businesses which had performed relatively well in the first half of 2023.

Roofing Products

Approximately 40 per cent of revenues in this segment are generated from new build housing and 40 per cent from

commercial & infrastructure (including public housing RMI), with the balance of around 20 per cent from private housing RMI. The market backdrop resulted in a reduction in revenues of five per cent, with weaker volumes in Marley partially offset by revenue growth from Viridian Solar. The weaker Marley volumes were driven by a year-on-year reduction in new build housing volumes whilst public and private RMI activity continued to be robust. Viridian Solar revenues grew despite lower new build housing volumes as its market-leading products continue to be chosen by housebuilders as part of their response to changes in building regulations in England and Wales that require new housing to achieve higher levels of energy efficiency.

Review of strategy

We are currently undertaking a review to underpin our new five-year strategy and evaluating opportunities to develop the Group. We will update on this in more detail at a capital markets event on 19 November 2024.

Despite recent market challenges, the medium-term outlook for the UK construction industry is positive, and we anticipate a progressive recovery in 2025 that is expected to accelerate in 2026 through 2029. This is further supported by the new Government and its stated mission to get Britain building again, with a commitment to build 1.5 million new dwellings in this parliament. We are confident that this more positive macro-economic backdrop will drive future growth for all our businesses as part of the push for more new houses, commitment to infrastructure programmes, the implementation of the Water Industry's next investment cycle (AMP8) and continued commitment to renewables.

Through the work being undertaken on our strategy, we are deepening our understanding about the Group's end markets and customers and where the best opportunities are for future value creation.

In Landscape Products, it is clear that the Group's national model drives several sources of competitive advantage, including product ubiquity and availability, end user sector and specification expertise and a national network. We will focus on leveraging these competitive advantages and optimising our share of the recovery in market volumes to significantly improve profitability given the business' inherent operational leverage. The Marley Roofing brand is a clear market leader that resonates strongly with its installer base and commands strong premiums. It operates in a competitive market and the Group will focus on protecting profitability through a strong focus on specification, driving our integrated solar proposition, and expanding the full roofing offer together with continued investment in operational capabilities and efficiency.

Solar panels represent a significant growth driver, with Viridian Solar expected to grow rapidly through the next cycle with an uptake in solar PV driven by regulation through Part L and the Future Homes Standard, and the Government's housebuilding targets. The adoption of solar PV in England and Wales is expected to be in line with the trajectory we have seen in Scotland, where the penetration of solar in new build housing is around 80 per cent. The Group holds a strong competitive position in its core residential below ground market in Civils and Drainage and has the opportunity to expand into the wider water management sector that will benefit from future sector growth tailwinds in wastewater and infrastructure. The business is expected to benefit from a recovery in housebuilding and incremental Water Industry investment from the AMP8 cycle, which is likely to be significantly higher than AMP7. In Bricks and Masonry, the Group is expected to benefit from the strong demand tailwinds that would be generated from an increase in housebuilding. Housebuilders are increasingly keen to use concrete bricks, particularly in affordable housing, and are becoming more comfortable with the aesthetics as an alternative to clay. In addition, there is a wide variation in regional adoption of the product which indicates significant potential for future growth.

We are confident that the Group is well positioned with its market leading brands, products and sustainable solutions to drive profitable diversified growth and deliver outperformance over the medium-term.

ESG progress

The Group continues to make good progress on its carbon reduction programme. As reported earlier this year, the Marshalls business has again exceeded its absolute Scope 1 and 2 science-based target and was named one of Europe's Climate Leaders by the Financial Times and Statista for the third time. Having set out our plans to incorporate Marley and Viridian Solar into the Group's overall carbon reduction targets, we await validation from the Science Based Targets initiative. Our submitted carbon reduction plan includes targets for our Scope 1, 2 and 3 emissions as well as an overall Group target for net zero. We expect to be able to communicate our approved targets later this year.

As well as a focus on reducing our Group carbon footprint, we continue to provide our customers with product

As well as a focus on reducing our Group carbon footprint, we continue to provide our customers with product solutions that contribute to more sustainable infrastructure such as our raingarden kerbs, solar panels and water management systems. This is further supported by giving clear and transparent information on the environmental impact of our products and materials through the publication of more Environmental Product Declarations (EPDs) in 2024, including for our Marley roofing products.

Financial Review

Group results

The Group's adjusted results are set out in the following table.

£'m	H1 2024	H1 2023	Change (%)
Revenue	306.7	354.1	(13%)
Adjusted net operating costs	(272.7)	(312.2)	13%
Adjusted operating profit	34.0	41.9	(19%)
Adjusted net financial expenses	(7.4)	(8.7)	15%
Adjusted profit before taxation	26.6	33.2	(20%)
Adjusted taxation	(6.7)	(7.7)	13%
Adjusted profit after taxation	19.9	25.5	(22%)
Adjusted basic EPS - pence	7.9	10.2	(23%)
Adjusted diluted EPS - pence	7.8	10.1	(23%)
Interim dividend - pence	2.6	2.6	-

A reconciliation between the Group's adjusted results and reported results is set out in the following table, further details are set out at Note 4.

£'m	H1 2024	H1 2023	Change (%)
Adjusted operating profit	34.0	41.9	(19%)
Adjusting items	(5.1)	(15.1)	66%
Operating profit	28.9	26.8	8%
Net financial expenses	(7.4)	(10.1)	27%
Profit before taxation	21.5	16.7	29%
EPS - pence	6.4	5.2	23%

Group revenue for the six months ended 30 June 2024 was £306.7 million (H1 2023: £354.1 million) which is 12 per cent lower than 2023 on a like-for-like basis. The contraction in revenue in Building Products and Roofing Products was relatively modest at around five to six percent, whereas the like-for-like reduction in Landscape Products was more significant at 19 per cent (see Note 21). Group adjusted operating profit was £34.0 million, which is 19 per cent lower than 2023 reflecting the impact of lower volumes, a less favourable product mix and weaker price over cost realisation. This was partially offset by the benefit of cost savings from restructuring activity implemented in 2023. Group adjusted operating margin reduced by 0.7 percentage points to 11.1 per cent (H1 2023: 11.8 per cent). We have continued to focus on tight cost control and delivered the cost savings implemented in 2023 in-line with our expectations. In addition, disciplined working capital management alongside delivering further cash receipts of £4.4 million from the programme of surplus land disposals, has resulted in a year-on-year reduction in pre-IFRS 16 net debt of £28.8 million.

The reported operating profit is stated after adjusting items totalling £5.1 million as summarised in the following table, further details are set out at Note 4.

£'m	H1 2024	H1 2023
Amortisation of intangible assets arising on acquisitions	(5.2)	(5.2)
Contingent consideration	(1.6)	(1.2)
Significant property disposal gain	1.7	-
Impairment charges, restructuring and similar costs	-	(9.3)
Profit on disposal of Marshalls NV	-	0.6
Adjusting items within operating profit	(5.1)	(15.1)
Adjusting items within financial expenses	-	(1.4)
Adjusting items within profit before taxation	(5.1)	(16.5)

Adjusting items in 2024 principally comprise the amortisation of intangible assets arising on the acquisition of subsidiary undertakings of £5.2 million (H1 2023: £5.2 million). In addition, a profit of £1.7 million was generated on the disposal of a former manufacturing site, which was largely offset by an £1.6 million increase in the provision for contingent consideration in respect of Viridian Solar. The increased provision reflects the Directors' latest expectation

for the final contingent consideration payment based on the strong performance of that business. Details of the adjusting items arising in 2023 are set out at Note 4.

Net financial expenses were £7.4 million (H1 2023: £10.1 million and £8.7 million after deducting adjusting items). These expenses comprised financing costs associated with the Group's bank borrowings of £6.4 million (H1 2023: £7.1 million), IFRS 16 lease interest of £0.8 million (H1 2023: £1.3 million) and a pension related charge of £0.2 million (H1 2023: £1.7 million and £0.3 million after deducting adjusting items). The reduction in adjusted net financial expenses in H1 2024 reflects the impact of the lower drawn borrowings and the derecognition of HGV leases under the logistics outsourcing arrangements entered into in the first half, partially offset by higher base rates.

Adjusted profit before tax was £26.6 million (H1 2023: £33.2 million). Reported profit before tax was £5.1 million lower than the adjusted result at £21.5 million (H1 2023: £16.7 million), reflecting the impact of the adjusting items. The adjusted effective tax rate was 25 per cent (H1 2023: 23 per cent), which is in-line with the UK headline corporation tax rate for 2024. On a reported basis, the effective tax rate is 25 per cent. Adjusted earnings per share was 7.9 pence (H1 2023: 10.2 pence), which is a 23 per cent reduction year-on-year reflecting the weaker profitability and the increase in the headline rate of corporation tax. Reported earnings per share was 6.4 pence (H1 2023: 5.2 pence), which is lower than the adjusted number due to the adjusting items and their tax effect.

Segmental performance

The adjusted operating profit is analysed between the Group's reporting segments as follows:

£'m	H1 2024	H1 2023	Change (%)
Landscape Products	8.3	15.4	(46%)
Building Products	6.4	8.4	(24%)
Roofing Products	23.2	22.0	5%
Central costs	(3.9)	(3.9)	-
Adjusted operating profit	34.0	41.9	(19%)

Landscape Products

Landscape Products delivered revenue of £137.0 million (2023: £174.1 million) which represents a like-for-like contraction of 19 per cent compared to 2023 adjusting for the disposal of Marshalls NV which was sold in April 2023.

£'m	H1 2024	H1 2023	Change (%)
Revenue	137.0	174.1	(21%)
Segment operating profit	8.3	15.4	(46%)
Segment operating margin %	6.1%	8.8%	(2.7ppts)

Segment operating profit reduced by £7.1 million to £8.3 million. This was driven by the combined effect of lower volumes on gross profit, a less favourable product mix, weaker price realisation, and a reduction in the operational efficiency of the manufacturing network due to lower production volumes. This was partially offset by the benefit of cost savings of £3.4 million arising from the decisive action taken in 2023 to reduce capacity to align to market demand and simplify operating structures. The fall in volumes together with the impact of weaker margins resulted in segment operating margins reducing by 2.7 ppts to 6.1 ppts for the half year.

Building Products

Marshalls Building Products comprises the Group's Civils and Drainage, Bricks and Masonry, Mortars and Screeds and Aggregates businesses.

£'m	H1 2024	H1 2023	Change (%)
Revenue	81.8	87.2	(6%)
Segment operating profit	6.4	8.4	(24%)
Segment operating margin %	7.8%	9.6%	(1.8ppts)

Segment operating profit contracted by £2.0 million to £6.4 million. This was driven by the impact of lower volumes on gross profit partially offset by actions taken in 2023 that reduced the cost base by £1.2 million in the first half of the year. The Group successfully recommissioned some brick manufacturing capacity at one of its factories in the first half of the year due to encouraging order intake of facing bricks, demonstrating the flexibility of the manufacturing network. Segment operating margin reduced by 1.8 ppts to 7.8 per cent reflecting the impact of lower volumes on profitability.

Roofing Products

Marley Roofing Products comprises pitched roofing products and accessories and roof integrated solar.

£'m	H1 2024	H1 2023	Change (%)
Revenue	87.9	92.8	(5%)
Segment operating profit	23.2	22.0	5%
Segment operating margin %	26.4%	23.7%	2.7ppts

Segment operating profit in the period was £23.2 million, which was £1.2 million higher than H1 2023. This increase in profitability was driven by a combination of robust price over cost discipline and an improvement in manufacturing efficiency, which offset the negative impact of lower volumes. Segment operating margin remained strong at 26.4 per cent, representing a year-on-year increase of 2.7 ppts.

Balance sheet, cash flow and funding

A summary of the Group's capital deployment and net assets is set out below.

£'m	June 2024	June 2023	December 2023
Goodwill	324.4	324.4	324.4
Intangible assets	222.7	232.2	227.5
Property, plant & equipment	240.5	256.4	249.4
Right-of-use assets	24.6	42.2	41.7
Net working capital	106.6	119.7	91.0
Net pension asset	17.3	26.1	11.0
Deferred tax	(84.7)	(89.4)	(84.1)
Other net balances	(6.7)	(1.0)	(2.0)
Total capital employed	844.7	910.6	858.9
Pre-IFRS 16 net debt	(155.8)	(184.6)	(172.9)
Leases	(27.2)	(45.4)	(44.7)
Net assets	661.7	680.6	641.3

Total capital employed at June 2024 was £844.7 million, which represents a reduction of £14.2 million compared to December 2023 (June 2023: reduction of £65.9 million). This reduction is due to the impact of amortising intangible assets arising on acquisitions and depreciation of property plant and equipment. In addition, right-to-use assets reduced by £17.6 million during the period, principally due to the de-recognition of leases following the outsourcing of the Group's logistics function. The increase in net working capital in the first six months of 2024 of £15.6 million reflects the seasonal working capital requirements of the Group with continued focus on ensuring that inventory levels are well-balanced with market demand. Net working capital balances are £13.1 million lower than June 2023 reflecting the Board's focus on active management of inventories and reduced activity levels in the tougher market environment.

The balance sheet value of the Group's defined benefit pension scheme ('the Scheme') was a surplus of £17.3 million (June 2023: £26.1 million; December 2023: £11.0 million). The amount has been determined by the Scheme's pension adviser using appropriate assumptions which are in line with current market expectations. The fair value of the scheme assets at 30 June 2024 was £238.7 million (June 2023: £245.2 million; December 2023: £250.4 million) and the present value of the scheme liabilities is £221.4 million (June 2023: £219.1million; December 2023: £239.4 million). The total profit recorded in the Statement of Comprehensive Income net of deferred taxation was £4.8 million (June 2023; £4.0 million gain; December 2023: £7.4 million loss). The principal driver of the profit was an increase in corporate bond yields since 31 December 2023, which has reduced the value of the Scheme's IAS19 liabilities during the period. This was partially offset by the return on plan assets being lower than the actuarial assumptions. The last formal actuarial valuation of the defined benefit pension scheme was undertaken on 5 April 2021 and resulted in a surplus of approximately £24.3 million, on a technical provisions basis, which was a funding level of 107 per cent. The Company has agreed with the Trustee that no cash contributions are payable under the current funding and recovery plan. The next actuarial valuation is taking place as at 5 April 2024.

Adjusted return on capital employed ('ROCE') was 7.6 per cent (June 2023: 10.6 per cent; December 2023: 8.4 per cent) on an annualised basis, with the year-on-year reduction due to the weaker trading performance. Adjusted ROCE is expected to increase in the medium term to around 15 per cent as the Group benefits from operational leverage driven by the execution of its strategy and a recovery in market conditions.

Operating cash flow conversion on an annualised basis at June 2024 was 111 per cent of adjusted EBITDA (June 2023: 105 per cent December 2023: 106 per cent) which demonstrates the consistently strong cash generative nature of the Group's businesses. The proactive management of working capital combined with tight control of capital expenditure resulted in a year-on-year reduction in pre-IFRS16 net debt of £28.8 million to £155.8 million (June 2023: £184.6 million; December 2023: £172.9 million). The syndicated debt facility totals £340 million with the majority of it maturing in April 2027. At June 2024, £145 million of the Group's revolving credit facility of £160 million was undrawn, which together with the £180 million term loan, provides the Group with significant liquidity to fund its strategic and

operational plans going forward. Net debt to EBITDA was 1.8 times at June 2024 on an annualised adjusted pre-IFRS16 basis (June 2023: 1.6 times; December 2023: 1.9 times). The Group's banking covenants were comfortably met at June 2024.

Dividend

The Group maintains a dividend policy of distributions covered twice by adjusted earnings with one third being an interim payment and the balance paid as a final dividend. The Board has declared dividend of 2.6 pence per share (2023: 2.6 pence), which is in-line with this policy and unchanged year-on-year. The dividend will be paid on 2 December 2024 to shareholders on the register at the close of business on 25 October 2024. The shares will be marked ex-dividend on 24 October 2024.

Outlook

The Board remains cautiously optimistic of a modest recovery in its end markets during the second half of the year predicated on a progressive improvement in the macro-economic environment. Against this backdrop and with the benefit of decisive management actions taken in 2023, the Board believes that profitability and pre-IFRS16 net debt for the full year will be broadly in-line with its previous expectations.

Over the medium-term, our new five-year strategy, which we will outline in November, will position us strongly to benefit from the structural and regulatory tailwinds underpinned by the new government's stated key mission of getting Britain building again. Our market leading brands, products and sustainable solutions put us in a strong place to drive profitable growth and deliver relative outperformance.

Matt Pullen

Chief Executive

Condensed consolidated income statement For the six months ended 30 June 2024

	Notes	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited Year ended December 2023 £'m
Revenue	2	306.7	354.1	671.2
Net operating costs	3	(277.8)	(327.3)	(630.2)
Operating profit	2	28.9	26.8	41.0
Net financial expenses	5	(7.4)	(10.1)	(18.8)
Profit before tax		21.5	16.7	22.2
Income tax expense	6	(5.4)	(3.8)	(3.8)
Profit for the financial period		16.1	12.9	18.4
Profit for the year attributable to:				
Equity shareholders of the Parent		16.1	13.1	18.6
Non-controlling interests		-	(0.2)	(0.2)
Profit for the financial period		16.1	12.9	18.4
Earnings per share				
Basic	7	6.4p	5.2p	7.4p
Diluted	7	6.3p	5.2p	7.3p
Dividend				
Pence per share	8	2.6	2.6p	15.6p

A reconciliation of the Group's reported results to the adjusted results is set out below.

	Notes	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited Year ended December 2023 £'m
Operating profit		28.9	26.8	41.0
Operating profit		28.9	26.8	41.0
Adjusting items	4	5.1	15.1	29.7
Adjusted operating profit		34.0	41.9	70.7
Profit before tax		21.5	16.7	22.2
Profit before tax		21.5	16.7	22.2

Adjusting items	4	5.1	16.5	31.1
Adjusted profit before tax		26.6	33.2	53.3
Profit after tax				
Profit for the financial period		16.1	12.9	18.4
Adjusting items (net of tax)	4	3.8	12.6	23.7
Adjusted profit after tax		19.9	25.5	42.1
Earnings per share after adding back adjusting items				
Basic	7	7.9p	10.2p	16.7p
Diluted	7	7.8p	10.1p	16.7p

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2024

	Unaudited six months ended June 2024	Unaudited six months ended June 2023	Audited Year ended December 2023
	£'m	£'m	£'m
Profit for the financial year	16.1	12.9	18.4
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Re-measurements of the net defined benefit surplus	6.4	5.4	(9.8)
Deferred tax arising	(1.6)	(1.4)	2.4
Total items that will not be reclassified to the Income Statement	4.8	4.0	(7.4)
Items that are or may in the future be reclassified to the Income Statement:			
Effective portion of changes in fair value of cash flow hedges	0.8	2.6	(0.6)
Fair value of cash flow hedges transferred to the Income Statement	(0.9)	-	(1.1)
Deferred tax arising	-	(0.5)	0.8
Reclassification on sale of subsidiary	-	(0.6)	(0.6)
Exchange difference on retranslation of foreign currency net investment	(0.1)	0.2	0.1
Exchange movements associated with borrowings designated as a hedge against net investment	-	(0.2)	(0.2)
Total items that are or may be reclassified to the Income Statement	(0.2)	1.5	(1.6)
Other comprehensive income for the period, net of income tax	4.6	5.5	9.0
Total comprehensive income for the period	20.7	18.4	9.4
Attributable to:			
Equity shareholders of the Parent	20.7	18.4	10.2
Non-controlling interests	-	-	(0.8)
	20.7	18.4	9.4

Condensed consolidated balance sheet
As at 30 June 2024

	Notes	Unaudited June 2024	Unaudited June 2023	Audited December 2023
		£'m	£'m	£'m
Assets				
Non-current assets				
Goodwill	9	324.4	324.4	324.4
Intangible assets	10	222.7	232.2	227.5
Property, plant and equipment	11	240.5	256.4	249.4
Right-of-use assets	12	24.6	42.2	41.7
Employee benefits	13	17.3	26.1	11.0
Deferred taxation assets		1.2	0.9	1.1
		830.7	882.2	855.1
Current assets				
Inventories		129.5	141.6	125.1
Trade and other receivables		116.8	132.3	93.4
Cash and cash equivalents		36.6	65.4	34.5

Assets classified as held for sale		0.8	1.3	2.4
Derivative financial instruments		1.8	6.4	1.9
Corporation tax		-	-	1.7
Total assets		285.5	347.0	259.0
		1,116.2	1,229.2	1,114.1
Liabilities				
Current liabilities				
Trade and other payables		139.7	154.2	127.5
Corporation tax		2.7	0.6	-
Lease liabilities	14	4.7	8.3	8.0
Provisions		6.6	2.9	3.0
		153.7	166.0	138.5
Non-current liabilities				
Lease liabilities	14	22.5	37.1	36.7
Interest-bearing loans and borrowings	15	192.4	250.0	207.4
Provisions		-	5.2	5.0
Deferred taxation liabilities		85.9	90.3	85.2
		300.8	382.6	334.3
Total liabilities		454.5	548.6	472.8
Net assets		661.7	680.6	641.3
Equity				
Called-up share capital		63.2	63.2	63.2
Share premium & merger reserve		341.6	341.6	341.6
Capital redemption reserve & consolidation reserve		(137.7)	(137.7)	(137.7)
Other reserves		0.6	4.1	1.1
Retained earnings		394.0	409.4	373.1
Total equity		661.7	680.6	641.3

Condensed consolidated cash flow statement
For the six months ended 30 June 2024

	Notes	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited Year ended December 2023 £'m
Cash generated from operations	18	32.8	38.8	104.6
Financial expenses paid		(4.8)	(6.8)	(16.5)
Income tax paid		(2.3)	(8.2)	(10.4)
Net cash flow from operating activities		25.7	23.8	77.7
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		4.4	3.7	6.9
Financial income received		-	-	0.1
Acquisition of subsidiary undertaking		(2.6)	(3.0)	(3.0)
Acquisition of property, plant and equipment		(3.9)	(9.2)	(18.3)
Acquisition of intangible assets		(1.2)	(1.2)	(2.5)
Cash outflow from sale of subsidiary		-	(1.4)	(1.4)
Net cash flow from investing activities		(3.3)	(11.1)	(18.2)
Cash flows from financing activities				
Payments to acquire own shares		(1.4)	(0.2)	(0.3)
Repayment of borrowings		(40.0)	(34.4)	(84.4)
New loans		25.0	37.4	44.8
Cash payment for the principal portion of lease liabilities		(3.9)	(6.2)	(9.6)
Equity dividends paid		-	-	(31.6)
Net cash flow from financing activities		(20.3)	(3.4)	(81.1)
Net increase/(decrease) in cash and cash equivalents		2.1	9.3	(21.6)
Cash and cash equivalents at the beginning of the period		34.5	56.3	56.3
Effect of exchange rate fluctuations		-	(0.2)	(0.2)
Cash and cash equivalents at the end of the period		36.6	65.4	34.5

Condensed consolidated statement of changes in equity
for the six months ended 30 June 2024

	Share capital £'m	Share redemption premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total equity £'m
At 1 January 2024	63.2	341.6	(137.7)	1.1	373.1	641.3

Total comprehensive income/(expense) for the period	-	-	-	-	16.1	16.1
Other comprehensive income/(expense)						
Foreign currency translation differences	-	-	-	(0.1)	-	(0.1)
Reclassification on sale of subsidiary	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	0.8	-	0.8
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	(0.9)	-	(0.9)
Deferred tax arising	-	-	-	-	-	-
Defined benefit plan actuarial gain	-	-	-	-	6.4	6.4
Deferred tax arising	-	-	-	-	(1.6)	(1.6)
Total other comprehensive income/(expense)	-	-	-	(0.2)	4.8	4.6
Total comprehensive income/(expense) for the period	-	-	-	(0.2)	20.9	20.7
Transactions with owners						
Share-based payments	-	-	-	-	1.1	1.1
Deferred tax on share-based payments	-	-	-	-	-	-
Corporation tax on share-based payments	-	-	-	-	-	-
Dividends to equity shareholders	-	-	-	-	-	-
Purchase of own shares	-	-	-	(1.4)	-	(1.4)
Own shares issued under share scheme	-	-	-	1.1	(1.1)	-
Total contributions by and distributions to owners	-	-	-	(0.3)	-	(0.3)
Total transactions with owners	-	-	-	(0.5)	20.9	20.4
At 30 June 2024	63.2	341.6	(137.7)	0.6	394.0	661.7

Note*: Other reserves include own shares, hedging reserve and foreign exchange reserve.

Condensed consolidated statement of changes in equity for the six months ended 30 June 2023

	Share capital £'m	Share premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2023	63.2	341.6	(137.7)	2.0	391.2	660.3	0.8	661.1
Total comprehensive income/(expense) for the period								
Profit for the financial period	-	-	-	-	13.1	13.1	(0.2)	12.9
Other comprehensive income/(expense)								
Foreign currency translation differences	-	-	-	-	-	-	-	-
Reclassification on sale of subsidiary	-	-	-	0.3	(0.3)	-	(0.6)	(0.6)
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.6	-	2.6	-	2.6
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	-	-	-
Deferred tax arising	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Defined benefit plan actuarial gain	-	-	-	-	5.4	5.4	-	5.4
Deferred tax arising	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Total other comprehensive income/(expense)	-	-	-	2.4	3.7	6.1	(0.6)	5.5
Total comprehensive income/(expense) for the period	-	-	-	2.4	16.8	19.2	(0.8)	18.4
Transactions with owners								
Share-based payments	-	-	-	-	1.4	1.4	-	1.4
Deferred tax on share-based payments	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Corporation tax on								

share-based payments	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(0.2)	-	(0.2)	(0.2)
Own shares issued under share scheme	-	-	-	(0.1)	0.1	-	-
Total contributions by and distributions to owners	-	-	-	(0.3)	1.4	1.1	1.1
Total transactions with owners	-	-	-	2.1	18.2	20.3	19.5
At 30 June 2023	63.2	341.6	(137.7)	4.1	409.4	680.6	680.6

Note*: Other reserves include own shares, hedging reserve and foreign exchange reserve.

Condensed consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital £'m	Share premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2023	63.2	341.6	(137.7)	2.0	391.2	660.3	0.8	661.1
Total comprehensive income/(expense) for the period								
Profit for the financial period	-	-	-	-	18.6	18.6	(0.2)	18.4
Other comprehensive income/(expense)								
Foreign currency translation differences	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Reclassification on sale of subsidiary	-	-	-	0.3	(0.3)	-	(0.6)	(0.6)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Deferred tax arising	-	-	-	0.8	-	0.8	-	0.8
Defined benefit plan actuarial loss	-	-	-	-	(9.8)	(9.8)	-	(9.8)
Deferred tax arising	-	-	-	-	2.4	2.4	-	2.4
Total other comprehensive income/(expense)	-	-	-	(0.7)	(7.7)	(8.4)	(0.6)	(9.0)
Total comprehensive income/(expense) for the period	-	-	-	(0.7)	10.9	10.2	(0.8)	9.4
Transactions with owners								
Share-based payments	-	-	-	-	2.8	2.8	-	2.8
Deferred tax on share-based payments	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Corporation tax on share-based payments	-	-	-	-	-	-	-	-
Dividends to equity shareholders	-	-	-	-	(31.6)	(31.6)	-	(31.6)
Purchase of own shares	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Own shares issued under share scheme	-	-	-	0.1	(0.1)	-	-	-
Total contributions by and distributions to owners	-	-	-	(0.2)	(29.0)	(29.2)	-	(29.2)
Total transactions with owners	-	-	-	(0.9)	(18.1)	(19.0)	(0.8)	(19.8)
At 31 December 2023	63.2	341.6	(137.7)	1.1	373.1	641.3	-	641.3

Note*: Other reserves include own shares, hedging reserve and foreign exchange reserve.

Notes to the condensed consolidated financial statements For the six months ended 30 June 2024

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. These condensed consolidated

and with IAS 34 Interim Financial Reporting as adopted by the United Kingdom. These condensed consolidated interim financial statements should be read in conjunction with the Annual Report and Accounts ('the Annual Report') for the year ended 31 December 2023, which have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). These condensed consolidated interim financial statements were approved for release on 12 August 2024.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Annual Report for the year ended 31 December 2023 were approved by the Board on 18 March 2024 and delivered to the Registrar of Companies. The Annual Report contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Annual Report is available on the Group's website (www.marshalls.co.uk).

The accounting policies applied to prepare these condensed consolidated interim financial statements are consistent with those applied in the most recent Annual Report for the year ended 31 December 2023.

The Group operates a formal risk management process, the details of which are set out on pages 52 to 54 of the Annual Report for the year ended 31 December 2023. The risks assessed in preparing these condensed consolidated interim financial statements are consistent with those set out on pages 55 to 61 of the Annual Report and an update on those risks is set out at Note 22 of this report.

Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of this Half Year Financial Report, the Board has considered the Group's financial forecasts and its principal risks for a period of at least 12 months from the date of this report. The forecasts included projected profit and loss, balance sheet, cash flows, headroom against debt facilities and covenant compliance. As noted above, the Group's principal risks are set out in the 2023 Annual Report and Accounts and an update is included in this report.

The financial forecasts have been stress tested in downside scenarios to assess the impact on future profitability, cash flows, funding requirements and covenant compliance. The scenarios comprise a more severe economic downturn (which represents the Group's most significant risk) than that included in the base case forecast, and a reverse stress test on our financial forecasts to assess the extent to which an economic downturn would need to impact on revenues in order to breach a covenant. This showed that revenue would need to deteriorate significantly from the financial forecast and the Directors have a reasonable expectation that it is unlikely to deteriorate to this extent.

Details of the Group's funding position are set out in Note 15. The Group has a syndicated bank facility of £340 million that principally matures in April 2027, having repaid £30 million of the original £370 million facility in January 2024. At 30 June 2024, £145 million of the facility was undrawn (June 2023: £118 million undrawn), which is broadly in-line with December 2023 (£160 million undrawn) despite the Group's seasonal increase in working capital requirements. There are two financial covenants in the bank facility that are tested on a semi-annual basis and the Group maintains good cover against these with pre-IFRS 16 net debt to EBITDA of 1.8 times (covenant maximum of three times) and interest cover of 5.0 times (covenant minimum of three times).

Taking these factors into account, the Board has the reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and for this reason, the Board has adopted the going concern basis in preparing this Half Year Financial Report.

Alternative performance measures and adjusting items

The Group uses alternative performance measures ("APMs") which are not defined or specified under IFRS. The Group believes that these APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide additional comparative information. A glossary setting out the APMs that the Board use, how they are used, an explanation of how they are calculated, and a reconciliation of the APMs to the reported results, where relevant is set out at Note 21.

Adjusting items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. The adjusted results should not be regarded as a complete picture of the Group's financial performance, which is presented in the total results. Details of the adjusting items are

disclosed in Note 4 and Note 21.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported accounts. Critical judgements represent key decisions made by the Board in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to the Board's assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Critical accounting judgements

The following critical accounting judgements has been made in the preparation of the consolidated financial statements:

- As noted above, adjusting items have been highlighted separately due to their size, nature or incidence to provide a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. The determination of whether items merit treatment as an adjusting item is a matter of judgement. Note 4 sets out details of the adjusting items.

Sources of estimation uncertainty

The Directors consider the following to be key sources of estimation uncertainty:

- In arriving at the accounting value of the Group's defined benefit pension scheme, key assumptions have to be made in respect of factors including discount rates and inflation rates. These are determined on the basis of advice received from a qualified actuary. These estimates may be different to the actual outcomes. See further information in Note 13.
- The carrying value of goodwill is reviewed on an annual basis in accordance with IAS36. This review requires the use of cash flow projections based on a financial forecast that are discounted at an appropriate market-based discount rate. The assumption on the market-based discount rate is determined based on the advice of the Group's financial advisor. The actual cash flows generated by the business may be different to the estimates included in the forecasts. See further information in Note nine.

2. Segmental analysis

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of discrete financial information about components of the Group that are regularly reviewed by the Group's Chief Operating Decision Maker ('CODM') to allocate resources to the segments and to assess their performance. The CODM at Marshalls is the Board. The Group reports under three reporting segments, namely Marshalls Landscape Products, Marshalls Building Products and Marley Roofing Products. Marshalls Landscape Products comprises the Group's Commercial and Domestic landscape businesses and Landscape Protection. Marshalls Building Products comprises the Group's Civil and Drainage, Bricks and Masonry, Mortars and Screeds and Aggregate businesses.

Segment revenues and operating profit

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Revenue			
Landscape Products	137.0	174.1	321.5
Building Products	81.8	87.2	170.1
Roofing Products	87.9	92.8	179.6
Revenue	306.7	354.1	671.2
Operating profit			
Landscape Products	8.3	15.4	21.3
Building Products	6.4	8.4	12.2
Roofing Products	23.2	22.0	44.9
Central costs	(3.9)	(3.9)	(7.7)
Segment adjusted operating profit	34.0	41.9	70.7
Adjusting items (see Note 4)	(5.1)	(15.1)	(29.7)
Reported operating profit*	28.9	26.8	41.0

*Operating profit as per Condensed consolidated Income Statement

The Group has one customer which contributed more than 10 per cent of total revenue in the current and prior year. The accounting policies of the three operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned without allocation of certain central administration costs that are not capable of allocation. Centrally administered overhead costs that relate directly to the reportable segment are included within the segment's results.

The geographical destination of revenue is the United Kingdom £305.9 million (six months ended June 2023: £347.5 million; year ended December 2023: £662.8 million) and Rest of the World £0.8 million (six months ended June 2023: £6.6 million; year ended December 2023: £8.4 million).

Segment assets

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Segment assets			
Landscape Products	218.4	243.9	240.8
Building Products	140.2	152.9	142.0
Roofing Products	583.9	600.0	587.7
Unallocated assets	173.7	232.4	143.6
Total	1,116.2	1,229.2	1,114.1

For the purpose of monitoring segment performance and allocating resources between segments, the Group's CODM monitors the property, plant and equipment, right-of-use assets, intangible assets and inventory. Assets used jointly by reportable segments are not allocated to individual reportable segments.

Capital additions

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Capital additions			
Landscape Products	12.0	12.0	23.1
Building Products	0.6	3.1	4.9
Roofing Products	2.4	4.5	5.9
Total	15.0	19.6	33.9

Capital additions comprise property, plant and equipment (£3.0 million), right-of-use assets (£10.8 million) and intangible assets (£1.2 million).

Depreciation and amortisation

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Depreciation and amortisation			
Landscape Products	10.1	10.1	19.5
Building Products	3.9	4.7	8.0
Roofing Products	2.6	2.1	5.4
Segment depreciation and amortisation	16.6	16.9	32.9
Adjusting items	5.2	5.2	10.4
Depreciation and amortisation	21.8	22.1	43.3

Depreciation and amortisation includes £5.2 million of amortisation of intangible assets arising from the purchase price allocation exercises (six months ended June 2023: £5.2 million; year ended December 2023: £10.4 million) comprising £0.1 million (six months ended June 2023: £0.1 million; year ended December 2023: £0.1 million) in Landscape Products, £0.6 million in Building Products (six months ended June 2023: £0.6 million; year ended December 2023: £1.1 million) and £4.5 million in Roofing Products (six months ended June 2023: £4.5 million; year ended December 2022: £9.2 million). The amortisation has been treated as an adjusting item (Note 4).

3. Net operating costs

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Raw materials and consumables	113.0	128.2	235.4
Changes in inventories of finished goods and work in progress	(5.6)	(3.4)	12.9
Personnel costs	68.5	78.3	151.6
Depreciation of property, plant and equipment	11.7	10.9	21.4
Depreciation of right-of-use assets	4.1	5.1	9.8
Amortisation of intangible assets	6.0	6.1	12.1
Asset impairments	-	4.8	7.3
Own work capitalised	(0.6)	(1.3)	(2.5)
Other operating costs	84.8	96.9	177.5
Redundancy and other costs	-	4.5	9.3
Operating costs	281.9	330.1	634.8
Other operating income	(2.2)	(1.5)	(2.6)
Net gain on asset and property disposals	(1.9)	(0.7)	(1.4)
Net gain on disposal of subsidiary	-	(0.6)	(0.6)
Net operating costs	277.8	327.3	630.2
Adjusting items (Note 4)	(5.1)	(15.1)	(29.7)
Adjusted net operating costs	272.7	312.2	600.5

4. Adjusting items

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Amortisation of intangible assets arising on acquisitions	(5.2)	(5.2)	(10.4)
Contingent consideration	(1.6)	(1.2)	(1.6)
Significant property disposal gain	1.7	-	-
Restructuring and similar costs	-	(4.5)	(11.3)
Impairment of property, plant and equipment	-	(4.8)	(7.0)
Disposal of Belgian subsidiary	-	0.6	0.6
Total adjusting items within operating profit	(5.1)	(15.1)	(29.7)
Adjusting item in interest expense	-	(1.4)	(1.4)
Total adjusting items before taxation	(5.1)	(16.5)	(31.1)
Current tax on adjusting items (Note 6)	-	1.0	2.7
Deferred tax on adjusting items (Note 6)	1.3	2.9	4.7
Total adjusting items after taxation	(3.8)	(12.6)	(23.7)

- Amortisation of intangible assets arising on acquisitions is principally in respect of values recognised for the Marley brand and its customer relationships.
- The significant property disposal gain arose on the disposal of the Group's former manufacturing site in Carlisle.
- The additional contingent consideration relates to the reassessment of the amounts that will become payable to vendors arising in relation to Marley's acquisition of Viridian Solar Limited in 2021, reflecting a further improvement in the performance of that business.
- Restructuring and similar costs arose during major restructuring exercises conducted when the Group took steps to reduce manufacturing capacity and the cost base in response to a reduction in market demand during 2023.
- The impairment of property, plant and equipment arose in connection with the major restructuring exercises in 2023 noted above.
- The gain arising on the disposal of the Group's former Belgian subsidiary, which was completed in April 2023.
- The adjusting item in interest expense of £1.4 million in 2023 is a non-cash technical accounting charge arising from the resolution of certain historical retirement benefit issues.

5. Financial expenses

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Net interest expense on defined benefit pension scheme	0.2	0.3	0.2
Net interest expense on bank loans	6.4	7.1	14.7
Interest expense of lease liabilities	0.8	1.3	2.5
	7.4	8.7	17.4
Additional interest expense in defined benefit pension scheme	-	1.4	1.4
Financial expenses	7.4	10.1	18.8

Net interest expense on the defined benefit pension scheme is disclosed net of Company recharges for scheme

administration. In 2023, the additional technical interest expense in respect of the defined benefit pension scheme arose from the resolution of certain historical issues, is non-cash and non-recurring and was accounted for as an adjusting item (see Note 4).

6. Income tax expense

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Current tax expense			
Current year	6.4	7.0	8.8
Adjustments for prior years	-	(0.2)	(1.4)
	6.4	6.8	7.4
Deferred taxation expense			
Origination and reversal of temporary differences:			
Current year	(1.0)	(3.0)	(3.0)
Adjustments for prior years	-	-	(0.6)
Total tax expense	5.4	3.8	3.8
Current tax on adjusting items (Note 4)	-	1.0	2.7
Deferred tax on adjusting items (Note 4)	1.3	2.9	4.7
Total tax expenses after adding back adjusting items	6.7	7.7	11.2

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders for the financial period by the weighted average number of shares in issue during the period. Adjusted basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary shareholders for the financial period by the weighted average number of shares in issue during the period. Diluted earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders by the sum of the weighted average number of shares in issue and potentially dilutive shares. The calculation of adjusted profit attributable to ordinary shareholders is calculated as follows:

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Profit attributable to ordinary shareholders	16.1	13.1	18.6
Adjusting items (net of tax)	3.8	12.6	23.7
Adjusted profit attributable to ordinary shareholders	19.9	25.7	42.3

The calculation of the weighted average number of shares and diluted weighted average number of shares is calculated as follows:

	Unaudited six months ended June 2024 Number	Unaudited six months ended June 2023 Number	Audited year ended December 2023 Number
Number of issued ordinary shares	252,968,728	252,968,728	252,968,728
Effect of shares transferred into Employee Benefit Trust	(201,653)	(179,747)	(144,651)
Weighted average number of ordinary shares	252,767,075	252,788,981	252,824,077
Effect of potentially dilutive ordinary shares	1,085,718	1,100,908	1,026,468
Diluted weighted average number of ordinary shares	253,852,793	253,889,889	253,850,545

8. Dividends

The Group maintains a dividend policy of distributions covered twice by adjusted earnings. The Board has declared an interim dividend for 2024 of 2.6 pence per qualifying Ordinary Share amounting to £6.6 million, to be paid on 2 December 2024 to shareholders registered at the close of business on 25 October 2024. The shares will be marked ex-dividend on 24 October 2024.

9. Goodwill

Unaudited June 2024	Unaudited June 2023	Audited December 2023
------------------------	------------------------	--------------------------

	£'m	£'m	£'m
Net book value at start of period	324.4	322.6	322.6
Adjustments to purchase price allocation	-	1.8	1.8
Net book value at end of period	324.4	324.4	324.4

All goodwill has arisen from business combinations. The carrying amount of goodwill is allocated across cash generating units ("CGUs") which represent the lowest level within the Group at which the associated goodwill is monitored for management purposes and is consistent with the operating segments set out in Note 2. The Group has three material CGUs, Landscape Products, Building Products and Roofing Products. The carrying amount of goodwill has been allocated to CGUs at each period end as follows:

	£'m
Landscape Products	34.8
Building Products	43.7
Roofing Products	245.9
	324.4

The Board reviews goodwill for impairment on annual basis and more frequently if there is an indication that goodwill may be impaired. The last such review, which did not indicate an impairment, was conducted as part of the 2023 year end process and details of this are set out pages 134 and 135 of the 2023 Annual Report and Accounts. There has been no indicator of impairment since this date and a formal impairment review will be conducted as part of the 2024 year end process.

10. Intangible assets

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Net book value at start of period	227.5	237.1	237.1
Additions	1.2	1.2	2.5
Amortisation	(6.0)	(6.1)	(12.1)
Net book value at end of period	222.7	232.2	227.5

Amortisation includes £5.2 million (six months ended June 2023: £5.2 million, year ended December 2023: £10.4 million) relating to intangible assets arising on acquisitions that is accounted for as an adjusting item (see Note 4). Included in software additions is £0.6 million (six months ended June 2023: £0.8 million; year ended December 2023: £1.6 million) of own work capitalised.

11. Property, plant and equipment

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Net book value at start of period	249.4	266.5	266.5
Additions	3.0	7.7	16.5
Depreciation	(11.7)	(10.9)	(21.4)
Impairment	-	(4.8)	(7.3)
Other movements	(0.2)	(2.1)	(4.9)
Net book value at end of period	240.5	256.4	249.4

Impairment in the six months end June 2023 and year ended December 2023 represents the assets being written down to fair value less cost to sell of £4.8 million and £7.3 million in relation to major restructuring exercises at certain facilities in the Group's operational network.

12. Right-of-use assets

Right of use assets totalling £23.8 million were derecognised during the period due to the outsourcing of the Group's logistics function.

13. Retirement benefit asset

The amounts recognised in the balance sheet in respect of the defined benefit asset are as follows:

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Present value of Scheme liabilities	(221.4)	(219.1)	(239.4)
Fair value of Scheme assets	238.7	245.2	250.4
Net amount recognised (before deferred tax)	17.3	26.1	11.0

The Company sponsors a funded defined benefit pension scheme in the UK (the "Scheme"). The Scheme is administered within a trust which is legally separate from the Company. The Trustee Board is appointed by both the Company and the Scheme's membership and acts in the interest of the Scheme and all relevant stakeholders.

Company and the Scheme's membership and acts in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the Scheme's assets.

The Scheme provides pension and lump sums to members on retirement and to dependants on death. The defined benefit section closed to future accrual of benefits on 30 June 2006 with the active members becoming entitled to a deferred pension. Members no longer pay contributions to the defined benefit section. Company contributions to the defined benefit section after this date are used to fund any deficit in the Scheme and the expenses associated with administering the Scheme, as determined by regular actuarial valuations.

The Scheme poses a number of risks to the Company, for example longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The Trustee is aware of these risks and uses various techniques to control them. The Trustee has a number of internal control policies, including a Risk Register, which are in place to manage and monitor the various risks it faces. The Trustee's investment strategy incorporates the use of liability-driven investments ("LDIs") to minimise sensitivity of the actuarial funding position to movements in interest rates and inflation rates.

The defined benefit section of the Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is being carried out with an effective date of 5 April 2024. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions. The last formal actuarial valuation was carried out as at 5 April 2021 which resulted in a surplus of £24.3 million, on a technical provisions basis. The Company has agreed with the Trustee that no cash contributions are payable under the funding plan.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Limited against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The potential impact of this, if any, has not yet been confirmed and, in light of the recent ruling, the Company will assess this in the second half of the year.

14. Lease liabilities

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Analysed as:			
Amounts due for settlement within twelve months	4.7	8.3	8.0
Amounts due for settlement after twelve months	22.5	37.1	36.7
	27.2	45.4	44.7

Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. For the six months ended June 2024, the average effective borrowing rate was 4.1 per cent (six months ended June 2023: 3.5 per cent; year ended December 2023: 4.2 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Lease liabilities totalling £24.4 million were derecognised during the period as a result of the outsourcing of the Group's logistics function to Wincanton.

The total cash outflow in relation to leases was £4.8 million (six months to June 2023: £7.5 million; year ended December 2023: £11.6 million). The total cash outflow in relation to short-term and low value leases was £1.7 million (six months ended June 2023: £3.9 million; year ended December 2023: £7.1 million).

15. Interest bearing loans and borrowings

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Analysed as:			
Non-current liabilities	192.4	250.0	207.4

Interest bearing loans and borrowings are stated net of unamortised debt arrangement fees of £2.6 million (June 2023: £2.6 million).

£2.6 million; December 2023: £2.6 million).

The total syndicated bank facility at June 2024 was £340 million after £30 million of the term loan was repaid in January 2024 (June 2023: £370 million; December 2023: £370 million), of which £145 million (June 2023: £117.5 million; December 2023: £160 million) remained unutilised. £8.5 million of the undrawn facility available at June 2024 expires between one and two years and £136.5 million expires between two and five years.

The Group's committed bank facilities are charged at variable rates based on SONIA plus a margin. The Group's bank facility continues to be aligned with the current strategy to ensure that headroom against the available facility remains at appropriate levels and are structured to provide committed medium-term debt.

Marshall's has a receivables purchase agreement with a UK bank and is party to a reverse factoring finance arrangement between a UK bank and one of the Group's key customers (the principal relationship is between the customer and its partner bank). Under these agreements, Marshall's has the option of transferring the ownership of certain customer receivables to the bank or to receive advance payment of approved invoices from the key customer, respectively. Utilising either agreement results in the derecognition of receivables from the Group's balance sheet.

The Group utilises these facilities periodically in order to help manage its short-term funding requirements and pays a finance charge upon utilisation.

16. Analysis of net debt

	Unaudited June 2024 £'m	Unaudited June 2023 £'m	Audited December 2023 £'m
Cash at bank and in hand	36.6	65.4	34.5
Debt due after 1 year	(192.4)	(250.0)	(207.4)
Lease liabilities	(27.2)	(45.4)	(44.7)
	(183.0)	(230.0)	(217.6)

17. Reconciliation of net cash flow to movement in net debt

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Net increase / (decrease) in cash equivalents	2.1	10.6	(20.3)
Cash (inflow) / outflow from movement in bank borrowings	15.0	(3.0)	39.8
On disposal of subsidiary undertakings	-	(1.4)	(1.4)
Cash outflow from lease repayments	3.9	6.2	9.6
New leases entered into	(10.8)	(11.0)	(13.7)
Lease liability de-recognised (see Note 14)	24.4	5.3	5.3
Effect of exchange rate fluctuations	-	(0.1)	(0.3)
Movement in net debt in the period	34.6	6.6	19.0
Net debt at beginning of the period	(217.6)	(236.6)	(236.6)
Net debt at end of the period	(183.0)	(230.0)	(217.6)

18. Reconciliation of profit after taxation to cash generated from operating activities

	Notes	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Profit after taxation		16.1	12.9	18.4
Income tax	6	5.4	3.8	3.8
Profit before tax		21.5	16.7	22.2
Adjustments for:				
Depreciation of property, plant and equipment	11	11.7	10.9	21.4
Asset impairments	4		4.8	7.3
Depreciation of right-of-use assets		4.1	5.1	9.8
Amortisation		6.0	6.1	12.1
Gain on disposal of subsidiaries		-	(0.6)	(0.6)
Gain on sale of property, plant and equipment		(1.9)	(0.7)	(1.4)
Equity settled share-based payments		1.1	1.4	2.8
Financial income and expenses (net)	5	7.4	10.1	18.8
Operating cash flow before changes in working capital		49.9	53.8	92.4
(Increase)/decrease in trade and other receivables		(23.3)	(16.3)	25.8
(Increase)/decrease in inventories		(4.4)	(6.3)	10.1
Increase/(decrease) in trade and other payables		10.6	7.6	(23.7)
Cash generated from operations		32.8	38.8	104.6

19. Fair values of financial assets and financial liabilities

A comparison by category of the book values and fair values of the financial assets and liabilities of the Group at 31 December 2023 is shown below:

	Book value			Fair value		
	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Trade and other receivables	110.9	122.3	87.5	110.9	122.3	87.5
Cash and cash equivalents	36.6	65.4	34.5	36.6	65.4	34.5
Bank loans	(192.4)	(250.0)	(207.4)	(192.1)	(243.2)	(202.2)
Trade payables, other payables and provisions	(123.5)	(135.0)	(116.8)	(123.5)	(135.0)	(116.8)
Derivatives	1.8	6.4	1.9	1.8	6.4	1.9
Contingent consideration	(6.6)	(7.6)	(8.0)	(6.6)	(7.6)	(8.0)
Financial instrument assets and liabilities - net	(173.2)	(198.5)	(208.3)			
Non-financial instrument assets and liabilities - net	834.9	879.1	849.6			
Net assets	661.7	680.6	641.3			

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table. Other than contingent consideration, which uses a level three basis, all use level two valuation techniques.

(a) Derivatives

Derivative contracts are either marked to market using listed market prices or by discounting the contractual forward price at the relevant rate and deducting the current spot rate. For interest rate swaps, broker quotes are used. This represents level two in the fair value hierarchy.

(b) Interest-bearing loans and borrowings

Fair value is calculated based on the expected future principal and interest cash flows discounted at the market rate of interest at the balance sheet date.

(c) Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

(d) Contingent consideration

The contingent consideration has been calculated based on the Group's expectation of what it will pay in relation to the post-acquisition performance of the acquired entities. This represents level three in the fair value hierarchy.

(e) Fair value hierarchy

The table below analyses financial instruments, measured at fair value, into a fair value hierarchy based on the valuation techniques used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. Disposal of subsidiary

On 13 April 2023, the Group sold its interest in Marshalls NV, its former Belgian subsidiary, for a nominal sum. The sale resulted in a profit on disposal of £0.6 million, which was accounted for as an adjusting item (see Note 4).

21. Alternative performance measures

The APMs set out by the group are made-up of earnings-based measures and ratio measures with a selection of these measures being stated after adjusting items.

Measures stated after excluding adjusting items

These performance measures are calculated using either the associated reported measure or alternative performance measure after adding back the adjusting items detailed in Note 4. The Group's accounting policy on adjusting items is set out in Note 1, basis of preparation.

APM	Definition and/or purpose
Adjusted operating profit, adjusted profit before tax, adjusted profit after tax, adjusted earnings per share, adjusted EBITA, adjusted EBITDA and adjusted operating cash flow	The Directors assess the performance of the Group using these measures including when considering dividend payments.
Adjusted return on capital employed	Adjusted return on capital employed is calculated as adjusted EBITA (on annualised basis) divided by shareholders' funds plus net debt at the period end. It is designed to give further information about the returns being generated by the Group as a proportion of capital employed.
Adjusted operating cash flow conversion	Operating cash flow conversion is calculated by dividing adjusted operating cash flow by adjusted EBITDA (both on an annualised basis). Adjusted operating cash flow is calculated by adding back adjusting items paid, net financial expenses paid, and taxation paid. It illustrates the rate of conversion of profitability into cash flow.

Pre-IFRS 16 measures

The Group's banking covenants are assessed on a pre-IFRS 16 basis. In order to provide transparency and clarity regarding how the Group's compliance with banking covenants, the following performance measures and their calculations have been presented:

APM	Definition and purpose
Pre-IFRS16 adjusted EBITDA	Pre-IFRS16 adjusted EBITDA is adjusted EBITDA excluding right-of-use asset depreciation and profit or losses on the sale of property, plant and equipment.
Pre-IFRS16 net debt	Pre-IFRS 16 net debt comprises cash at bank and in hand and bank loans but excludes lease liabilities. It shows the overall net indebtedness of the Group on a pre-IFRS 16 basis.
Pre-IFRS16 net debt leverage	This is calculated by dividing pre-IFRS16 net debt by adjusted pre-IFRS16 EBITDA (on an annualised basis) to provide a measure of leverage.

Like-for-like

APM	Definition and purpose
Like-for-like revenue growth	Like-for-like revenue growth is revenue growth generated by the Group that includes revenue for acquired businesses and excludes revenue for businesses that have been sold for the corresponding periods in the prior year. This provides users of the financial statements with an understanding about revenue growth that is not impacted by acquisitions or disposals.

Other definitions

APM	Definition and purpose
EBITDA	EBITDA is earnings before interest, taxation, depreciation, and amortisation and provides users with further information about the profitability of the business before financing costs, taxation, and non-cash charges.
EBITA	EBITA is earnings before interest, taxation and amortisation and provides users with further information about the profitability of the business before financing costs, taxation, and amortisation.

Reconciliations of IFRS reported income statement measures to income statement APMs is set out in the following three tables. A reconciliation of operating profit to like-for-like pre-IFRS16 adjusted EBITDA is set out below:

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Audited year ended December 2023 £'m
Operating profit	28.9	26.8	41.0
Adjusting items (Note 4)	5.1	15.1	29.7
Adjusted operating profit	34.0	41.9	70.7
Amortisation (excluding amortisation of intangible assets arising on acquisitions)	0.8	0.9	1.7
Adjusted EBITA	34.8	42.8	72.4
Depreciation	15.8	16.0	31.2
Adjusted EBITDA	50.6	58.8	103.6
Profit on sale of property, plant and equipment	(0.1)	(0.7)	(1.4)
Right-of-use asset principal payments	(3.9)	(6.2)	(9.6)
Pre-IFRS16 adjusted EBITDA	46.6	51.9	92.6

Disclosures required under IFRS are referred to as on a reported basis. Disclosures referred after adding back adjusting items basis are restated and are used to provide additional information and a more detailed understanding of the Group's results. Certain measures are reported on an annualised basis to show the preceding 12-month period where seasonality can impact on the measure.

Like-for-like revenue growth

	Unaudited six months ended June 2024 £'m	Unaudited six months ended June 2023 £'m	Change %
Marshalls Landscape Products	137.0	169.1	(19.0%)
Marshalls Building Products	81.8	87.2	(6.2%)
Marley Roofing Products	87.9	92.8	(5.3%)
Like-for-like revenue	306.7	349.1	(12.1%)

The Group sold its Belgian subsidiary on 13 April 2023 and therefore Marshalls Landscape Products 2023 revenue has been restated to exclude £5.0 million of revenue generated by that subsidiary between 1 January and 14 April 2023. No adjustments have been to Marshalls Building Products and Marley Roofing Products revenue.

Pre-IFRS 16 net debt and pre-IFRS16 net debt leverage

Net debt comprises cash at bank and in hand, bank loans and leasing liabilities. An analysis of net debt is provided in Note 16. Net debt on a pre-IFRS 16 basis has been disclosed to provide additional information and to align with reporting required for the Group's banking covenants. Pre-IFRS16 net debt leverage is defined as pre-IFRS16 net debt divided by like-for-like adjusted pre-IFRS16 EBITDA. Net debt as reported in Note 16 is reconciled to pre-IFRS 16 net debt and pre-IFRS 16 net debt leverage below:

	Unaudited six months ended June 2024 £'m	Unaudited six months ended December 2023 £'m	Unaudited 12 months ended June 2024 £'m	Audited year ended December 2023 £m
Net debt	-	-	183.0	217.6
IFRS 16 leases	-	-	(27.2)	(44.7)
Net debt on a pre-IFRS16 basis	-	-	155.8	172.9
Adjusted pre-IFRS16 EBITDA	46.6	40.7	87.3	92.6
Pre-IFRS16 net debt leverage	-	-	1.8	1.9

Return on capital employed ('ROCE')

ROCE is defined as adjusted EBITA divided by shareholders' funds plus net debt.

	Unaudited six months ended June 2024 £'m	Unaudited six months ended December 2023 £'m	Unaudited 12 months ended June 2024 £'m	Audited year ended December 2023 £m
Adjusted EBITA	34.8	29.6	64.4	72.4
Shareholders' funds	-	-	661.7	641.2

Shareholders funds	-	-	901.7	941.3
Net debt	-	-	183.0	217.6
Capital employed	-	-	844.7	858.9
ROCE	-	-	7.6%	8.4%

Adjusted operating cash flow conversion

Adjusted operating cash flow conversion is the ratio of adjusted operating cash flow to adjusted EBITDA (on an annualised basis) and is calculated as set out below:

	Unaudited six months ended June 2024 £'m	Unaudited six months ended December 2023 £'m	Unaudited 12 months ended June 2024 £'m	Audited year ended December 2023 £m
Net cash flow from operating activities	25.7	53.9	79.6	77.7
Adjusting items paid	3.4	3.9	7.3	5.5
Net financial expenses paid	4.8	9.7	14.5	16.5
Taxation paid	2.3	2.2	4.5	10.4
Adjusted operating cash flow	36.2	69.7	105.9	110.1
Adjusted EBITDA	50.6	44.8	95.4	103.6
Operating cash flow conversion			111%	106%

22. Principal risks and uncertainties

Risk management is the responsibility of the Marshalls plc Board and is a key factor in the delivery of the Group's strategic objectives. The Board establishes the culture of effective risk management and is responsible for maintaining appropriate systems and controls. The Board sets the risk appetite and determines the policies and procedures that are put in place to mitigate exposure to risks. The Board plays a central role in the Group's Risk Review process, which covers emerging risks and incorporates scenario planning and detailed stress testing.

There continue to be external risks and significant volatility in UK and world markets with high and persistent levels of cost inflation and an uncertain outlook. In an addition to the macro-economic environment, the key risks for the Group are cyber security, competitor activity and an increased focus in climate change and other ESG related issues. In all these cases, specific assessments continue to be reviewed, certain new operating procedures have been implemented and mitigating controls continue to be reviewed as appropriate. A summary of these risks is set out below.

- **Macro-economic uncertainty** - The Group is dependent on the level of activity in its end markets. Accordingly, it is susceptible to economic downturn, the impact of Government policy, changes in interest rates, the increasing impact of wider geo-political factors (including the conflict in Ukraine and the Middle East) and volatility in world markets. The Group closely monitors trends and lead indicators, invests in market research and is an active member of the Construction Products Association. The Group's response to macro-economic uncertainty has been a major focus during the period including continuing to control costs and working capital tightly whilst maintaining flexibility to increase production when markets start to recover.
- **Cyber security** - the risk of a cyber security attack continues to increase with more incidents being reported in UK businesses. In response, the Group has a risk-based approach to the continued development of our cyber security controls, including immutable back-ups, alongside procuring cyber insurance for the Marshalls businesses.
- **Competitor activity** - It has continued to be more challenging to recover input cost inflation through higher selling prices due to weaker demand levels resulting in heightened competition for volumes in the marketplace and not all input costs were covered by price increases in the first half of 2024. In order to protect profitability, the Group is focusing on controlling its cost base and simplifying processes with the aim of being easier to deal with whilst continuing to invest in its brands, specification selling and new product development.
- **Climate change and other ESG issues** - to ensure the effective management of all relevant risks and opportunities. The Group remains committed to full transparency for all stakeholders and the Group's sustainability objectives remain core to the Group's business model and strategy. The Group employs experienced, dedicated staff to support our ESG agenda.

The other principal risks and uncertainties that could impact the business for the remainder of the current financial year are those set out in the 2023 Annual Report and Accounts on pages 55 to 61. These cover the strategic, financial and operational risks and have not changed significantly during the period. Strategic risks include those relating to the ongoing Government policy, general economic conditions, the actions of customers, suppliers and competitors, and weather conditions. The Group also continues to be subject to various financial risks in relation to the pension scheme, principally the volatility of the discount (AA corporate bond) rate, any downturn in the performance of equities and increases in the longevity of members. The other main financial risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk. External

Groups financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk. External operational risks include the cyber security and information technology, the effect of legislation or other regulatory actions and new business strategies.

The Group continues to monitor all these risks and pursue policies that take account of, and mitigate, the risks where possible.

Responsibility Statement

The following statement is given by each of the directors, namely Vanda Murray OBE, Chair; Simon Bourne, Chief Commercial Officer; Angela Bromfield, Non-executive Director; Matt Pullen, Chief Executive; Avis Darzins, Non-Executive Director; Diana Houghton, Non-executive Director; Justin Lockwood, Chief Financial Officer; and Graham Prothero, Senior Non-executive Director.

The Directors confirm to the best of their knowledge:

- The Condensed Consolidated Half Year Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as contained in UK adopted IFRS, give a true and fair view of the assets, liabilities, financial position and profit and loss account of the issuer as required by DTR 4.2.4R
- The Half Year Report includes a fair review of the information required under DTR 4.2.7R (indication of important events during the six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- The Half Year Report includes a fair review of the information required by DTR 4.2.8 (disclosure related parties' transactions and changes therein).

Board members

As at 30 June 2024, the Group's Board members were as follows:

Vanda Murray OBE	Chair
Simon Bourne	Chief Commercial Officer
Angela Bromfield	Non-Executive Director
Matt Pullen	Chief Executive
Avis Darzins	Non-Executive Director
Diana Houghton	Non-Executive Director
Justin Lockwood	Chief Financial Officer
Graham Prothero	Senior Non-Executive Director

The responsibilities of the Directors during their period of service were as set out on page 106 of the 2023 Annual Report.

By order of the Board

Shiv Sibal

Group Company Secretary

12 August 2024

Independent Review Report to Marshalls plc

Conclusion

We have been engaged by the Company to review the condensed set of Financial Statements in the Half Year Financial Report for the six months ended 30 June 2024 which comprises the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related Notes 1 to 22.

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-Year Financial Report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). 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. 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 material misstatements or omissions.

or all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual Financial Statements of the Group are prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of Financial Statements included in this Half-Year Financial Report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion 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 to suggest 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 are not 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 entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the Half-Year Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Half-Year Financial Report, 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the Half-Year Financial Report, we are responsible for expressing to the Group a conclusion on the condensed set of Financial Statements in the Half-Year Financial Report. Our conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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 formed.

Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

12 August 2024

Shareholder Information

Financial calendar

Interim dividend for the year ending December 2024
Results for the year ending December 2024
Report and accounts for the year ending December 2024
Annual General Meeting

Payable 2 December 2024
Announcement March 2025
April 2025
May 2025

Registrars

All administrative enquiries relating to shareholdings should, in the first instance, be directed to Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (telephone: 0870 707 1134) and should clearly state the registered shareholder's name and address.

Dividend mandate

Any shareholder wishing dividends to be paid directly into a bank or building society should contact the Registrars for a dividend mandate form. Dividends paid in this way will be paid through the Bankers' Automated Clearing System ("BACS").

Website

The Group has a website that gives information on the Group and its products and provides details of significant Group announcements. The address is www.marshalls.co.uk.

Cautionary Statement

This Half Year Financial Report contains certain forward-looking statements with respect to the financial condition, results, operations and business of Marshalls plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Half Year Financial Report announcement should be construed as a profit forecast.

Directors' Liability

Neither the Company nor the Directors accept any liability to any person in relation to the contents of this Half Year Financial Report except to the extent that such liability arises under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Market Act 2020.

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