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Michelmersh Brick Holdings PLC
03 September 2024

3 September 2024

Michelmersh Brick Holdings PLC

("MBH", the "Company", or the "Group")

Half year results for the six months ended 30 June 2024

Michelmersh Brick Holdings PLC (AIM: MBH), the specialist brick manufacturer and brick-fabricator, is pleased to report its half year results for the six months ended 30 June 2024.

Financial Highlights:

	30 June 2024	30 June 2023	Change
Statutory results			
Revenue	**£35.4m**	£42.0m	*(15.7%)*
Gross margin	**36.2%**	36.9%	*(0.7%)*
Operating profit	**£4.1m**	£6.1m	*(32.8%)*
Profit before tax	**£4.1m**	£6.1m	*(32.8%)*
Basic earnings per share	**3.37p**	5.00p	*(32.6%)*
Cash from operations	**£0.9m**	£7.6m	*(88.2%)*
Net cash	**£4.1m**	£11.8m	(65.3%)
Dividend per share	**1.60p**	1.50p	6.7%
Adjusted results*			
Adjusted EBITDA[1]	**£7.2m**	£8.7m	*(17.2%)*
Adjusted operating profit	**£5.3m**	£6.8m	*(22.1%)*
Adjusted profit before tax	**£5.3m**	£6.8m	*(22.1%)*
Adjusted earnings per share	**4.28p**	5.73p	*(25.3%)*

Strategic and Operational Highlights:

- Resilient first half of 2024, with revenue down 15.7% from H123, despite a sector wide c.40% decline in brick volume demand over the last 18 months driven by economic uncertainty
- Decrease in volumes in line with management expectations and outperforming market despatch volumes; a result of the diversity of our end markets and the quality of our products
- Balanced opening order book supported first half performance and maintained through the start of the second half
- Continued focus on collaboration with customers to deliver appropriate portfolio pricing
- Proactive approach to our sustainability initiatives with £2.5 million of capex invested in efficiency improvements across our manufacturing base
- Active management of input costs on a risk-based approach, with energy costs continuing to be hedged
- Benefits of a strong balance sheet in challenging markets with net cash of £4.1 million and £20 million borrowing facility underpins financial resilience and flexibility to pursue a balanced capital allocation policy
- Declaration of interim dividend of 1.60 pence (+6.7% on H123) underlines the Board's confidence in the outlook of the business and its commitment to progressive returns for shareholders

Outlook

- Positive momentum in our order intake and at levels not seen since 2022
- Focus on maintaining a well-balanced forward order book and appropriate pricing expected to support demand across our diverse end market customer base
- The medium term fundamental market drivers for our business are encouraging and we are very well positioned, but given the current challenges in our sector and uncertainty of a market recovery the Board expect our second half outturn

given the current challenges in our sector and uncertainty of a market recovery the Board expect our second half outturn to be broadly reflective of our first half performance.

Commenting on the results, Tony Morris, Chair of Michelmersh Brick Holdings PLC, said:

"Despite the challenges the wider construction industry and UK brick market continue to face, the Group has been able to deliver a resilient first half performance, growing our market share at a time when UK brick volumes are off c.40% over the last 18 months. This is testament to the team's resolute focus on delivering high quality products and customer service to a broad and diverse end user base.

"As we move through the second half of the year, we will continue to actively manage our input costs, whilst focusing on maintaining the positive momentum we are seeing in our balanced order book, which is at levels not seen for the past 24 months. With the strength of our balance sheet and net cash position, we are positioned well to trade through the ongoing challenging market conditions and as a result expect our second half performance to be broadly in line with our interim results."

[*] The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional costs associated with acquisitions and aborted corporate transactions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results in the Chief Executive Officer's Statement below.

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

An analyst briefing will be held virtually at 09:30am today. To attend, please email michelmersh@yellowjerseypr.com.

The Company also notes that it will be hosting an online presentation to retail investors on Friday, 6 September at 10:00am. Those wishing to join the presentation are requested to register via the following link: Meeting Registration.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU NO. 596/2014) AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

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About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with seven market leading brands: Blockleys, Carlton, FabSpeed, Freshfield Lane, Michelmersh, Floren.be and Hathern Terra Cotta. These divisions operate within a fully integrated business, combining the production of premium, precision-made bricks, pavers, special shaped bricks, bespoke Terra Cotta products and prefabricated brick components. The Group also includes a landfill operator, New Acres Limited, and seeks to develop future landfill and development opportunities on ancillary land assets.

Established in 1997, the Company has grown through acquisition and organic growth into a profitable and asset rich business, producing over 122 million clay bricks and pavers per annum. Michelmersh currently owns most of the UK's premium manufacturing brick brands and is a leading specification brick and clay paving manufacturer.

Michelmersh strives to be a well invested, long term, sustainable, environmentally responsible business. Opportunity, training and security for all employees, whilst meeting the needs of stakeholders are at the forefront of everything we do. We aim to lead the way in producing some of Britain's premium clay products and enhancing our environment by adding value to the architectural landscape for generations to come.

We are Michelmersh Brick Holdings PLC: we are "Britain's Brick Specialist".
Please visit the Group's websites at: www.mbhplc.co.uk, www.bimbricks.com and www.sustainablebrick.com

Chief Executive Officer's Statement

I am pleased to report on a resilient start to our 2024 financial year and provide details on further progress against our strategic objectives. These half year results have been delivered in what remains a very challenging environment across the construction industry with the timing of any reduction in interest rates acting as a significant drag on consumer sentiment and demand across our key markets. As ever, the Board remain hugely grateful to all of our people who continue to support the Group so well by manufacturing the highest quality products and delivering best in class service.

Despite the significant current challenges in our sector, the fundamentals in our end markets remain positive with a critical shortage of both new residential and social housing, a significant legacy housing inventory constructed with brick facades underpinning future Repairs, Maintenance and Improvement ("RMI") demand together with requirements for specification and brick-cladding remedial solutions. The new UK Government are openly committed to reversing the decades long decline in housing formations with a stated objective of 1.5 million new homes over their first parliament. Our strategic approach remains unchanged by focusing on targeting our broad product portfolio to address a balanced demand across each of these segments and in our view this underpins the resilience of our business as we focus on delivering returns for shareholders. The longevity and depth of our customer relationships support this approach, and we are focused on maintaining our partnerships by and depth of our customer relationships support this approach, and we are focused on maintaining our partnerships by delivering an excellent product and service.

Our fundamental core competency remains our significant strength in the premium end of the brick market in the UK and Benelux markets. We view the long-term fundamentals of these markets as positive, with brick continuing to be the façade material of choice due to its longevity, sustainable and energy efficiency qualities, low-cost base and broad aesthetic appeal. Demand for bricks across the sector has declined over the last eighteen months by c. 40% in line with the more negative consumer environment. Consequently, brick inventory volumes for the sector remain above the five-year average of c.450 million albeit relatively stable at c. 525 million as capacity has been removed from the market. However, our ability to address the market's broad spectrum allowed us to grow our market share over that period as we have outperformed the broader level of decline in despatch volumes.

The Group's fundamental ability to deliver operational cash generation continues to give us the confidence to follow a balanced capital allocation policy, with continued investment in projects that address our strategic objectives to improve the sustainability of our manufacturing operations and support ongoing improvements in production efficiency. We remain committed to our dividend policy and the declaration of an increased interim dividend for the period underlines our confidence in the outlook for the business. We will also look to supplement dividends with share buybacks where the Board determines that it is appropriate to do so to deliver value for shareholders and represents an attractive investment opportunity for the Company. Balancing the returns for our shareholders through dividends and buybacks alongside ensuring we maintain well invested manufacturing sites are central to the Group's capital allocation priorities. Whilst the timing of any further acquisitions are now more uncertain given the availability of opportunities in our core markets, the Board will however consider any opportunities where it believes it would deliver shareholder value. This strategy leaves us well-positioned to deliver further progress and shareholder value in the second half of 2024 and beyond.

Group Results

Financial Highlights

	Half year ended 30 June 2024	Half year ended 30 June 2023	Change
Revenue	**£35.4m**	£42.0m	*(15.7%)*
Gross margin	**36.2%**	36.9%	*(0.7%)*
Adjusted* EBITDA[1]	**£7.2m**	£8.7m	*(17.2%)*
Adjusted* operating profit	**£5.3m**	£6.8m	*(22.1%)*
Operating profit	**£4.1m**	£6.1m	*(32.8%)*
Adjusted* profit before tax	**£5.1m**	£6.8m	*(22.1%)*
Profit before tax	**£4.1m**	£6.1m	*(32.8%)*
Adjusted* basic earnings per share	**4.28p**	5.73p	*(25.3%)*
Basic earnings per share	**3.37p**	5.00p	*(32.6%)*
Dividend per share	**1.60p**	1.50p	*6.7%*

**The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional costs associated with acquisitions and aborted corporate transactions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results in the Chief Executive Officer's Statement below.*

1 EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The ongoing challenges in the broader construction market have affected the trading performance in the business in the first half, with the Group being impacted across all of our financial metrics.

Revenue for the six months reduced by 15.7% to £35.4 million over the equivalent period in 2023 (HY23: £42.0 million). This performance over the first six months was predominantly due to the combination of a broad 8% reduction in despatches across the portfolio from the start of the period and our focus on appropriate portfolio pricing to maintain diversity in our forward order book. Importantly, this is also reflective of the strong despatch performance in the first half of the prior year comparable given the more positive market conditions at the start of 2023.

We continue to trade in a very challenging environment which has seen sector wide UK brick despatches falling some 40% over the last 18 months. However, we have not seen this level of decline across the Group and are pleased to report that we have increased our market share in this current environment. We see this as an important indicator reflecting the overall resilience of our business model. This approach is evidenced by our important commercial indicator of order intake where we have continued to experience positive momentum at levels not seen since 2022, reflecting the benefits of our product portfolio's broad reach and the strong customer loyalty and distributor relationships we have across our end markets. This visibility continues to support our decision to maintain our production volumes alongside our planned capital improvement programme as we look to deliver maximum operational leverage from our broad manufacturing base.

As a result of the lower revenue, adjusted operating profit of £5.3 million was down 22.1% on the comparative 2023 period (HY23: £6.8 million) and adjusted profit before tax of £5.3 million was down 22.1% (HY23: £6.8 million). We have started to see more stability in our cost base and we continue to manage our input costs on a risk based approach. As such, we have secured over 80% of our energy requirements for 2024 and see this as an appropriate hedged balance as we see some opportunity in the potential for improvements in the pricing of utilities. Energy contracts are also in place for 40% of our expected requirements in 2025 with further contracts into 2026 in line with this approach. The results and strategy underline the Company's continuing success of managing our operational efficiency to maximise our financial returns, whilst importantly maintaining a close relationship with our loyal customers through our ability to deliver a greater degree of pricing visibility.

Adjusted EBITDA of £7.2 million is lower by 17.2% against 2023 (HY23: £8.7 million). As we highlighted in our 2023 year end results, this is at a broadly stable EBITDA margin of 20.3% (HY23: 20.8%), reflecting the importance of the partnership with our customers as we balance our financial performance and focus on earnings growth alongside the necessity to secure robust forward demand in our core markets.

On a reported basis, the results include the impact of the amortisation of acquired intangibles and some exceptional items we incurred over the last 12 months. The adjustment of £0.7 million for the amortisation of intangibles is in line with 2023 with the one-off impact this year of the net exceptional costs of £0.4 million, being £1.0 million incurred in relation to an aborted corporate transaction offset by the impact of the removal of £0.6 million of the non-cash deferred consideration associated with our FabSpeed acquisition from November 2022. As a result, operating profit of £4.1 million was 32.8% below 2023 with profit before tax reflecting the same performance also down 32.8% at £4.1 million.

After a tax charge of £1.0 million (HY23: £1.4 million), the Group recorded a profit for the period after tax of £3.1 million (HY23: £4.7 million). The tax rate of 24.5% (HY23: 23.5%) reflects our expected effective Group tax rate for the full year, which is a 1.0% increase on 2023 following the change announced in the 2021 Budget and ratified by parliament which increased the standard rate of UK corporation tax from 19% to 25% effective from 1 April 2023.

Basic earnings per share decreased by 32.6% to 3.37p (HY23: 5.00p).

The table below (Adjusted Performance Measures) provides a clear reconciliation of the adjusted performance to the reported numbers.

Adjusted performance measures:

	Half year ended 30 June 2024 £000	Half year ended 30 June 2023 £000	Change	Year ended 31 December 2023 £000
Operating profit	**4,145**	6,079	(32.8%)	12,338
Adjustments:				
Exceptional costs	**444**	-		-
Amortisation of acquired intangibles	**684**	684		1,370
Adjusted operating profit	**5,273**	6,763	(22.1%)	13,708
Depreciation	**1,917**	1,968		4,105
Adjusted EBITDA	**7,190**	8,731	(17.2%)	17,813
Finance income/(expense)	**(16)**	33		119
Depreciation	**(1,917)**	(1,968)		(4,105)
Adjusted profit before taxation	**5,257**	6,796	(22.1%)	13,827

Basic earnings per share	**3.37p**	5.00p	(32.6%)	10.44p
Adjusted basic earnings per share [a]	**4.28p**	5.73p	(25.3%)	11.91p

[a] *Includes adjustments to exclude amortisation of acquired intangibles*

Group Cash and Working Capital

Cash generated from operations for the six months ended 30 June 2024 was £0.9 million, compared to £7.6 million for the same period in 2023. As a result, operating cash conversion from adjusted EBITDA was well below our usual levels at 12.7% compared to 87.3% in 2023. This was largely the result of our receivables balance at the half year returning to more normalised levels following a very quiet fourth quarter in 2023 which impacted collections in the first half. Additionally, we continue to operate throughout all of our manufacturing locations and have invested a further £3.0 million in inventory which we continue to view as appropriate as we target supporting our commercial teams with the right product flexibility. We will also take this opportunity to bring forward planned capex improvement works at our Carlton facility in the fourth quarter with a two month shutdown ensuring that there are no interruptions of product supply for our customers.

As a result of these timing differences and our ability to turn inventory to cash we remain very confident in the underlying fundamental cash-generating ability of the business and we expect operating cash conversion to return to more historic levels in the second half.

	Half year to 30 June 2024	Half year to 30 June 2023
Net cash generated from operations	**£0.9m**	£7.6m
Tax paid	**(£1.6m)**	(£1.2m)
Purchase of property, plant and equipment	**(£2.5m)**	(£2.2m)
Aborted corporate transaction costs	**(£1.0m)**	-
Proceeds from sale of land	**-**	£1.1m
Own shares acquired	**-**	(£1.0m)
Settlement for cancelled share options	**-**	(£1.8m)
Settlement for exercised share options	**(£1.0m)**	-
Lease payments	**(£0.4m)**	(£0.3m)
Dividend paid	**(£1.4m)**	(£1.2m)
Other	**£0.1m**	(£0.1m)
Net (decrease)/increase in cash and cash equivalents	**(£6.9m)**	£0.9m
Net cash	**£4.1m**	£11.8m

At the half year the Group had net cash of £4.1 million (HY23: £11.8 million).

Our operating cash generation, net cash position and undrawn Sterling and Euro denominated bank facility of £20 million provides the Group with considerable financial resilience and flexibility to pursue a balanced capital allocation policy.

Property, plant and equipment

Our capital expenditure in the first half of the current financial year highlights our continued focus on proactive delivery of sustainability improvements alongside maintaining well invested and efficient manufacturing facilities. The principal expenditure over the first half was focused on Floren where we brought forward and completed a significant plant maintenance programme that was planned for the fourth quarter. The production was offline for eight weeks but we successfully supplied all of our customers' requirements during the period and we commenced the installation of a new exhaust scrubber system to improve the environmental efficiency of our manufacturing process but also to facilitate changes in our input materials mix to extend the life of our mineral reserves.

Continuing our planned expansion of our FabSpeed brand we completed the installation of a new facility at our Carlton site to move our existing Stanley operations and to add brick cutting capacity, and we have subsequently now closed that previously leased site. Alongside, we continued our programme of planned roll-outs to electrify our fork-lift fleet which during the first half focused on Carlton.

Following the successful improvements at Floren we have taken the decision to bring forward planned capex at Carlton in the second half. A significant kiln refurbishment project and key equipment upgrades originally scheduled for 2025, will now be completed in November and December this year. Again, working with our customers and targeting our inventory build leading up to this scheduled gap in production, we are confident in continuing to supply all our customers' requirements.

Settlement of share options exercised

We continue to prioritise the future expected returns of shareholders by focusing on the volume of our issued share capital. Accordingly, following the departure of Frank Hanna as Joint Chief Executive in April 2024, 0.85 million of his 2019 LTIP Tranche options issued under the legacy 2017 LTIP were exercised having met the full vesting criteria and cash settled. The cash settlement value of £1.0 million was paid in the first half which included all associated employment tax obligations.

Sustainability

As one of the four pillars of our core company values, sustainability remains a focus for incremental positive and proactive change for our business. The Group continued to report and track progress against nineteen non-financial KPI disclosures in alignment to our goal to reach net zero by 2050. The Group continues to demonstrate significant reductions in carbon and energy intensity ratios whilst also continuing to reduce the use of plastic, wood and mains water usage across the Group.

The Group continues to invest in projects which will enhance our environmental profile, improve our efficiency and lower our consumption of energy or raw materials. In the period we completed scrubber upgrades to our Floren plant in Belgium, which complement the portfolio of investments this year. Continuing this approach, the Group is the first brick manufacturer to make a commitment to reduce non-essential plastics through investing in carbon negative bio-plastics produced from sugar cane.

The Group's products also continue to be utilised in the facades of multiple award-winning projects. Fulfilling our commitment to sustainability, we are proud to see that once again we have led the sector in the Brick Awards shortlisted projects this year. In the sustainability category, five of the seven shortlisted projects specified our products, including the HyBrick display which was unveiled at the Science Museum in London earlier this year in a decade long exhibition and reinforces our dedication for decarbonisation.

Board changes

Martin Warner retired as Chair at the AGM in May 2024. Martin was succeeded by Tony Morris who was previously a Non-Executive Director. Martin was appointed Chair in 2016, having previously been joint founder and Chief Executive Officer. He oversaw transformational growth over that period supporting the Group on its progressive journey to becoming a leading premium brick manufacturer and brick prefabrication specialist across the UK and Belgium. On a personal note, I would like to thank Martin for his valued support and guidance over many years. With Tony as Chair we look to the future with confidence and the business is in a strong position to continue to deliver against our strategy.

Frank Hanna left the business in April to take up the position of CEO of the Brickability Group. Frank and I were appointed Joint Chief Executive Officers ("JCEO") in January 2016 and since that time I am very proud of the significant growth and success the Company has achieved. Since 2016, the Group's annual brick output has increased from 70 million to over 122 million, the portfolio has broadened to include brick fabricated products and the Company has entered the European market with Floren. Frank has been associated with the Group for 32 years, joining officially in 2010, when as a shareholder of Freshfield Lane it was acquired by Michelmersh. Frank was an excellent JCEO of Michelmersh and a highly valued colleague and member of the Board and he left with our sincere thanks for his immense contribution in building a business with strong fundamentals underpinned by the longevity and depth of our customer relationships.

Rob Fenwick, who joined the Board in 2023, stepped down from his position as Non-Executive Director of the Group in July and we would like to thank Rob for his efforts during his time with the Board.

With these changes, we believe that the Board has the appropriate balance of skills and experience to support the Group as we continue to deliver against our strategic objectives.

Dividend

The Board recommended a final dividend in respect of 2023 of 3.00 pence per ordinary share to shareholders. The dividend was approved by shareholders at the AGM on 16 May 2024 and as a result the liability for the dividend payment was accrued in the 30 June 2024 interim accounts with the £2.8 million payment made after the half year end on 11 July 2024.

Reflecting our fundamental belief and commitment to maintaining the importance of our progressive dividend policy, the Board has declared an interim dividend of 1.60 pence per ordinary share ("pps") (30 June 2023: 1.50pps). The dividend will be paid on 9 January 2025 to members on the register on 1 December 2024 and is not accrued in the 30 June 2024 interim accounts. The ex-dividend date will be 30 November 2024. With this interim dividend declaration, the Board is maintaining its policy of one third of the total annual dividend being paid at the interim stage and two thirds of the total annual dividend being paid at the full year.

Outlook

The resilience of our business model has been heavily tested by the c.40% decline in sector wide UK brick despatches over the last 18 months. Alongside these challenges we have remained resolute in focusing on our core principles of well-maintained and efficient operations that manufacture the highest quality premium brick products for our customers. We believe in the fundamentals of our business which is underpinned by the quality of our product portfolio and the strength of our customer and distributor relationships. Following the robust first half, maintaining a well-balanced forward order book covering a broad range of end markets is essential as we look to continue our progress in the second half.

Across the Group, current order intake is running ahead of our manufacturing capacity which is contributing to a growing quality forward order book underpinning our second half revenue expectations. This is despite the timing of an inflection in construction activity levels remaining uncertain. The contraction in sector demand and our strong balance sheet continue to provide an opportunity to flex our production planning ensuring inventory volumes of core products are available to ensure near term order opportunity fulfilment. We are focused on continuing to diversify across RMI, housing, commercial, social and specification projects and this whole market strategy continues to underpin our resilient outlook.

Despite the lower consumer demand in our sector, we remain well placed at the premium end of the brick market in the UK and Benelux markets. The new UK Government has provided early indications that they are focused on improvements to the overall planning process alongside looking to champion the architectural quality of new construction activity both of which are supportive of the Group. These elements indicate that the long-term fundamentals of our markets are positive, with brick continuing to be the façade material of choice due to its longevity, sustainability and energy efficient qualities in use, low cost and broad aesthetic appeal. We believe we are well-positioned operationally to benefit from an improvement in wider market conditions, including a more favourable interest rate environment

Our active risk management of our cost base has supported our ability to maintain medium-term price stability, and with the focus on partnerships and collaboration with our customers we have not changed our portfolio pricing ahead of the second half as we work to support and prioritise forward demand.

Our ability to deliver sustainable operational cash generation underpins our liquidity position at the half year. Combining this with our £20 million undrawn borrowing facility provides the Group with both considerable financial resilience and flexibility to pursue a balanced capital allocation policy as we focus on delivering further value for our shareholders.

The Group continues to operate on the basis of maintaining a well-balanced forward order book, deep and loyal customer and distributor relationships supported by a robust demand from the specification, housing, RMI and commercial sectors. The medium term fundamental market drivers for our business are encouraging and we are very well positioned, but given the current challenges in our sector and the timing of any reductions in the interest rate environment remaining uncertain the Board expect our second half to be broadly reflective of our first half performance. We believe our broad brick and brick-fabrication portfolio supports our ability to address the full breadth of our end markets and it is these quality fundamentals in our business that provide resilience and underpin our outlook and as a result give us confidence for the second half and beyond.

Peter Sharp
Chief Executive Officer

Consolidated Income Statement

	6 months ended 30 June 2024	6 months ended 30 June 2023	12 months ended 31 December 2023
	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
Revenue	**35,390**	42,038	77,338
Cost of sales	**(22,567)**	(26,535)	(47,279)
Gross profit	**12,823**	15,504	30,059
Administration expenses	**(8,015)**	(8,776)	(16,421)
Amortisation of acquired intangibles	**(687)**	(684)	(1,370)
	(8,702)	(9,460)	(17,791)
Other income	**24**	35	70
Operating profit	**4,145**	6,079	12,338
Finance income/(expense)	**(16)**	33	119
Profit before taxation	**4,129**	6,112	12,457
Taxation	**(1,012)**	(1,436)	(2,795)
Profit for the period	**3,117**	4,676	9,662
Basic earnings per share attributable to the equity holders of the company	**3.37p**	5.00p	10.44p
Diluted earnings per share attributable to the equity holders of the company	**3.25p**	4.86p	10.09p

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Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000	12 months ended 31 December 2023 £'000
	Unaudited	Unaudited	Audited

Profit for the financial period	**3,117**	4,676	9,662
Other comprehensive income/(expense)			
Items which may subsequently be reclassified to profit or loss			
Currency movements	96	280	41
Items which will not subsequently be reclassified to profit or loss			
Revaluation deficit of property, plant and equipment	-	-	(2,692)
Revaluation surplus of property, plant & equipment	-	-	1,199
Tax credit on exercise of options	-	-	26
Deferred tax on revaluation movement	-	-	383
	96	280	(1,043)
Total comprehensive income for the financial period	3,213	4,956	8,619

Consolidated Balance Sheet

	As at 30 June 2024 £'000	As at 30 June 2023 £'000	As at 31 December 2023 £'000
	Unaudited	Unaudited	Audited
Assets			
Non-current assets			
Intangible assets	**23,266**	24,617	23,951
Property, plant and equipment	**64,756**	65,004	63,366
	88,022	89,621	87,317
Current assets			
Inventories	**19,537**	10,685	16,462
Trade and other receivables	**13,152**	15,380	9,241
Corporation tax receivable	**-**	-	-
Cash and cash equivalents	**4,086**	11,794	10,958
Total current assets	**36,775**	37,859	36,661
Total assets	**124,797**	127,480	123,978
Current liabilities			
Trade and other payables	**15,686**	19,752	12,803
Lease liabilities	**620**	493	698
Corporation tax payable	**963**	1,360	1,528
Total current liabilities	**17,269**	21,605	15,029
	5,420	5,420	
Non-current liabilities			
Lease liabilities	**1,246**	581	743
Deferred tax liabilities	**15,357**	15,815	15,362
	16,603	16,396	16,105
Total liabilities	**33,872**	38,001	31,134
Net assets	**90,925**	89,479	92,844

Equity attributable to equity holders			
Share capital	**19,181**	19,181	19,181
Share premium account	**16,724**	16,724	16,724
Other reserves	**20,745**	22,229	21,615
Retained earnings	**34,275**	31,345	35,324
Total equity	**90,925**	89,479	92,844

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2023	19,181	16,724	21,435	31,629	88,969
Profit for the period	-	-	-	4,676	4,676
Currency difference	-	-	280	-	280
Total comprehensive income		-			
Total comprehensive income	-		280	4,676	4,956
Share based payment	-	-	548	-	548
Shareplan purchase	-	-	(34)	-	(34)
Purchase of own shares	-	-	-	(967)	(967)
Dividends paid	-	-	-	(1,229)	(1,229)
Dividends payable	-	-	-	(2,764)	(2,764)
As at 30 June 2023	19,181	16,724	22,229	31,345	89,479
Profit for the period	-	-	-	4,986	4,986
Currency difference	-	-	(239)	-	(239)
Revaluation deficit	-	-	(2,692)	-	(2,692)
Revaluation surplus	-	-	1,199	-	1,199
Tax credit on exercise of options	-	-	26	-	26
Deferred tax on revaluation	-	-	383	-	383
		-			
Total comprehensive income	-	-	(1,323)	4,986	3,663
Share based payment	-	-	710	-	710
Purchase of own shares	-	-	-	(1,007)	(1,007)
Shareplan purchase	-	-	101	-	101
Deferred tax on share options	-	-	(102)	-	(102)
Dividend payable	-	-	-	2,764	2,764
Dividend paid	-	-	-	(2,764)	(2,764)
As at 31 December 2023	**19,181**	**16,724**	**21,615**	**35,324**	**92,844**
					2,212
Profit for the period	**-**	**-**	**-**	**3,117**	**3,117**
Currency difference	**-**	**-**	**96**	**-**	**96**
		-			
Total comprehensive income	**-**	**-**	**96**	**3,117**	**3,213**
Share based payment	**-**	**-**	**29**	**-**	**29**
Released on exercise of options	**-**	**-**	**(995)**	**-**	**(995)**
Dividends paid	**-**	**-**	**-**	**(1,388)**	**(1,388)**
Dividends payable	**-**	**-**	**-**	**(2,778)**	**(2,778)**

As at 30 June 2024	**19,181**	**16,724**	**20,745**	**34,275**	**90,925**

Consolidated Statement of Cash Flows

	6 months ended 30 June 2024 £'000 Unaudited	6 months ended 30 June 2023 £'000 Unaudited	12 months ended 31 December 2023 £'000 Audited
Net cash generated by operations	**896**	7,596	13,620
Taxation paid	**(1,581)**	(1,235)	(2,790)
Net cash (used in)/generated by operating activities	**(685)**	6,361	10,830
Cash flows from investing activities			
Purchase of property, plant and equipment	**(2,544)**	(2,205)	(3,085)
Proceeds from sale of land	**-**	1,068	1,101
Exceptional payments	**(958)**	-	-
Investment in intangible assets	**-**	-	(30)
Net cash used in investing activities	**(3,502)**	(1,137)	(2,014)
Net cash used in investing activities	**(1,004)**	(1,004)	(227)
Cash flows from financing activities			
Interest received/(paid)	**(16)**	33	119
Lease payments	**(409)**	(313)	(885)
Settlement for cancelled share options	**-**	(1,798)	(1,798)
Settlement for exercised share options	**(995)**	-	-
Purchase of own shares	**-**	(1,001)	(1,941)
Proceeds from share schemes	**29**	-	-
Dividends paid	**(1,388)**	(1,229)	(3,993)
Net cash used in financing activities	**(2,779)**	(4,308)	(8,498)
Net (decrease)/increase in cash and cash equivalents	**(6,968)**	916	319
Cash and cash equivalents at beginning of period	**10,958**	10,598	10,598
Foreign exchange differences	**96**	280	41
Cash and cash equivalents at end of period	**4,086**	11,794	10,958
Cash and cash equivalents comprise:			
Cash at bank and in hand	**4,086**	11,794	10,958

NOTES TO THE GROUP INTERIM REPORT

1. **GENERAL INFORMATION**
Michelmersh Brick Holdings PLC ("the Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 3462378). The Company is domiciled in the United Kingdom and its registered address is Freshfield Lane, Danehill, Haywards Heath, West Sussex, RH17 7HH. The Company's Ordinary

Shares are traded on AIM, part of the London Stock Exchange plc. Copies of the Interim Report and Annual Report and Accounts may be obtained from the address above, or at www.mbhplc.co.uk.

2. **ACCOUNTING POLICIES**

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the United Kingdom. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the United Kingdom. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the United Kingdom and applicable as at 31 December 2024. The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2023 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, and did not contain a statement under section 498(2) or (3) of the Act.

The financial information for the six months ended 30 June 2024 and 30 June 2023 is unaudited.

3. **EARNINGS PER SHARE**

The calculation of earnings per share is based on a profit of £3,117,000 (six months ended 30 June 2023 -£4,676,000; 12 months ended 31 December 2023-£9,662,000) and 92,592,874 (at 30 June 2023 93,516,114 and 31 December 2023, 92,535,734) being the weighted average number of ordinary shares in issue, excluding those held in the employee benefit trust.

Diluted

At 30 June 2024 there were 3,419,294 (June 2023: 2,779,140, and at 31 December 2023: 2,946,585) dilutive shares under option leading to 96,012,168 shares (30 June 2023: 96,295,254, and at 31 December 2023: 95,482,319) being the weighted average number of ordinary shares for the purposes of diluted earnings per share. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

Own shares held

At 30 June 2024 1,085,705 (30 June 2023 - 1,275,465;31 December 2023 - 1,142,845) ordinary shares were held by Michelmersh Brick Holdings PLC Employee Benefit Trust (the "EBT") and are intended to be used to satisfy the exercise of share options by employees. The EBT is a discretionary trust for the benefit of the Company's employees, including the Directors of the Company. Dividends on these shares have been waived.

The market value of the shares held in the trust at 30 June 2024 was £1.0m (30 June 2023; £1.2m). All 1,085,705 shares held by the EBT were acquired by the trust prior to the period and 57,140 shares were used in the period to satisfy awards following the vesting of shares relating to Company share incentive schemes.

As a result of the share buyback programme, 2,225,000 shares had been bought up to the 30 June 2024 (31 December 2023 - 2,225,000) and are held in treasury and excluded from the weighted average share calculations and the dividends on these shares have been waived.