Embargoed until 7.00am on Thursday 19 August 2021

Marshalls plc
(the "Company" or the "Group")

Strong growth in first half – positive trading outlook

Marshalls plc, the specialist Landscape Products group, announces its interim results for the half year ended 30 June 2021.

Financial Highlights	Half year ended 30 June 2021	Half year ended 30 June 2020	Half year ended 30 June 2019	Increase % 2021 - 2019
Results before operational restructuring costs and asset impairments[1]				
Revenue	£298.1m	£210.5m	£280.1m	6
EBITDA	£56.4m	£18.2m	£54.9m	3
Adjusted operating profit	£41.0m	£3.5m	£39.0m	5
Profit before tax	£38.9m	£1.6m	£37.1m	5
Basic EPS	15.30p	0.12p	15.18p	1
ROCE	18.1%	10.9%	19.3%	
Net debt	£52.4m	£98.9m	£97.7m	
Net debt – pre-IFRS 16	£7.6m	£53.9m	£55.6m	
Adjusted operating profit	£41.0m	£3.5m	£39.0m	
Operational restructuring costs and asset impairments	-	£(17.6)m	-	
Statutory operating profit	£41.0m	£(14.1)m	£39.0m	
Statutory results				
Statutory operating profit	£41.0m	£(14.1)m	£39.0m	
Profit before tax	£38.9m	£(16.0)m	£37.1m	
Basic EPS	15.30p	(7.25)p	15.18p	
Interim dividend	4.70p	-	4.70p	

Operational highlights

- Priority continues to be given to health and safety
- Strong trading and healthy order books
  - Continued focus on customer service and satisfying increased demand
  - National manufacturing network and logistics efficiency continuing to enable operational flexibility
  - Proactive supply chain management to mitigate material shortages
  - Ongoing focus on ESG leadership and priorities
  - Sustained emphasis on innovation and sustainable growth over the medium term
  - Capital investment of £30 million planned for 2021 – St Ives dual block plant build has commenced

Financial highlights

- Half year revenue of £298.1 million (2020: £210.5 million) – up 42% against 2020 and up 6% against 2019
  - Continued strong growth in Domestic – up 54% against 2020 and up 17% against 2019
  - Public Sector and Commercial sales growth up 40% against 2020 and up 1% against 2019 (3% on a like-for-like basis)
  - International sales growth of 11% against 2020 and 27% against 2019
- Profit before tax up 5% against 2019
  - Operating margin in line with 2019 at 13.8% (2019: 13.9%)
- Strong balance sheet, with a flexible capital structure and a clear capital allocation policy
  - Reported net debt of £52.4 million (2020: £98.9 million; 2019: £97.7 million)
  - Net debt of £7.6 million on a pre-IFRS 16 basis (2020: £53.9 million; 2019: £55.6 million)
  - Operating cash flow ("OCF") to EBITDA at 93% for the twelve months ended 30 June 2021
- Interim dividend of 4.70 pence

Commenting on these results, Martyn Coffey, Chief Executive, said:

"Trading continues to improve and recent order intake has been good. The Construction Products Association's recent summer forecast predicts year on year increases in UK market volumes of 13.7 per cent in 2021 and 6.3 per cent in 2022 and the Group expects to meet or outperform the market. Market conditions remain supportive, despite certain supply chain challenges, which are leading to inflationary pressures across the sector. The underlying indicators in our main growth markets, including New Build Housing, Road, Rail and Water Management, remain positive. As a result, we remain confident that our strategy will deliver long-term profitable growth and that we are well positioned to cope with the temporary challenges associated with cost and material supply issues.

Encouraged by the continuing strength in demand and the positive trading environment, the Board is confident of making further progress and is accordingly raising its expectations for 2021 and 2022."

Notes:

1. Alternative performance measures are used consistently throughout this Interim Report. These relate to like-for-like, EBITA, EBITDA, return on capital employed ("ROCE"), net debt and, for the half year ended 30 June 2020, results before operational restructuring costs and asset impairments. Following the transition to IFRS 16, reference has been made to "pre-IFRS 16", "pre-IFRS 16 net debt" and "reported basis," the latter referring to amounts required under IFRS 16. For further details of their purpose, definition and reconciliation to the equivalent statutory measures, see Note 3.
2. In order to provide a more relevant performance commentary, comparison in this statement has been made to the corresponding six month period in both 2020 and 2019, the latter considered to represent a more meaningful pre-COVID-19 baseline for performance comparisons.

There will be a video webcast for analysts and investors today at 9:00am. The presentation will be available for analysts and investors who are unable to view the webcast live and can be viewed on the Marshalls' website. Users can register to access the webcast using the following link: https://webcasting.brrmedia.co.uk/broadcast/60cc64dc5b7397619f827b26. There will also be a telephone dial in facility available Tel: +44 (0)330 336 9434 - Access Code: 6299561.

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Group results

Group revenue for the six months ended 30 June 2021 was £298.1 million (2020: £210.5 million; 2019: £280.1 million), which is 42 per cent ahead of the 2020 comparative. This represents an increase of 6 per cent compared with the same period in 2019, being the last comparative period which was unaffected by COVID-19.

Sales in the Domestic end market, which represented approximately 30 per cent of Group sales, were £89.3 million. This represents an increase of 54 per cent compared with the prior year and is up 17 per cent compared with the same period in 2019. The survey of domestic installers at the end of June 2021 revealed a healthy order book of 21.4 weeks (2020: 16.8 weeks). This compares with 17.2 weeks at the end of April 2021. Private Housing "repair, maintenance and improvement" continues to be strong and has been the quickest construction sector to recover over the last twelve months. There continues to be strong demand for DIY projects with consumers spending more time at home and choosing to invest in home and garden projects. Many households have benefited from higher disposable incomes due to lower commuting costs and lower cash outflows on other things, including holidays. The GfK consumer confidence index has been improving steadily during 2021 and has now returned to pre-COVID-19 levels. Our Domestic strategy is to develop the customer experience by digitalisation, including the use of visualisation tools, and to promote and invest in innovation. We continue to drive more sales through the Marshalls Register of approved domestic installers.

Sales in the Public Sector and Commercial end market were £189.3 million and represented 64 per cent of Group sales. This represents an increase of 40 per cent compared with the prior year and is up 1 per cent compared with the same period in 2019. The comparison with 2019 increases to 3 per cent after adjusting for the impact on sales caused by the planned reduction in Marshalls Mortars and Screed sites in the second quarter of 2020. The Group continues to focus on those market areas where future demand is expected to be greatest including New Build Housing, Road, Rail and Water Management. Infrastructure is expected to be a key element of construction growth in 2021 and 2022, driven by larger projects such as HS2 and additional focus on medium-term investment programmes. We increasingly use digital technology to communicate new concepts and designs and to facilitate the selection and specification of our ranges.

Sales in the International business, supported by strong growth from Marshalls NV in Belgium, were up 11 per cent compared with the prior period and 27 per cent compared with 2019. International sales represented 6 per cent of Group sales in the period. The Group continues to develop its global supply chains to ensure that international operations are sustainable and aligned with market risks and opportunities.

EBITDA was £56.4 million (2020: £18.2 million, before operational restructuring costs and asset impairments of £17.6 million), which represents an increase of 3 per cent compared with 2019. Operating profit increased to £41.0 million (2020: £3.5 million, before operational restructuring costs and asset impairments). The operating profit margin was 13.8 per cent in the six months to 30 June 2021, which compares with 13.9 per cent for the same period in 2019. This result was despite the additional cost of overtime, which has been required to cover COVID-19 related absenteeism, and despite the well-publicised supply chain issues, which have caused certain raw materials to be on allocation. Proactive management is mitigating the impact of material shortages.

Basic earnings per share was 15.30 pence (2020: 0.12 pence, before operational operating costs and asset impairments), which compares with 15.18 pence in the same six-month period in 2019. Group return on capital employed (“ROCE”) was 18.1 per cent for the twelve months ended 30 June 2021 (2020: 10.9 per cent; 2019: 19.3 per cent).

Net financial expenses were £2.1 million (2020: £1.9 million), including £0.9 million (2020: £0.7 million) of IFRS 16 lease interest. On a rolling annual basis interest was covered 13.5 times (2020: 10.7 times, before operational restructuring costs and asset impairments). Interest charges on bank loans totalled £1.1 million (2020: £1.1 million) and, including scheme administration costs, there was an IAS 19 notional interest charge of £0.1 million (2020: £0.1 million) in relation to the Group’s Pension Scheme. The IAS 19 notional interest includes interest on obligations under the defined benefit section of the Marshalls plc Pension Scheme, net of the expected return on Scheme assets.

The effective tax rate was 21.3 per cent (2020: 72.7 per cent, before operational restructuring costs and asset impairments). The 2021 Budget announced that the UK corporation tax rate would increase to 25 per cent from 2023, and this rate change was substantively enacted on 24 March 2021. Consequently, the deferred tax liability at 30 June 2021 has been calculated at the rate at which the deferred tax is expected to unwind in the future, using rates enacted at the balance sheet date. This rate change has given rise to an increase in the deferred tax charge of £2.9 million for the half year and an expected increase for the full year of approximately £5.2 million. The impact of this on the tax charge has been mitigated, to some extent, by the temporary increases in capital allowances in the year arising from the announcement of a 130 per cent first year allowance for plant and machinery.

Operating performance and initiatives

The Group continues to prioritise health and safety, and we have maintained our established COVID-19 workplace protocols, notwithstanding the recent changes to Government guidelines. We continue to ensure that our procedures go beyond the recommended guidelines.

We have seen strong order books and, consistent with the rest of the construction sector, have experienced the heightened operational challenge brought upon with increased demand for Marshalls products. The Group’s national network of concrete manufacturing sites and quarries has continued to support a flexible operating framework, which has enabled us to manage supply and demand across the network and to control lead times as far as possible. There have been periods when cement has been on supply allocation and reduced raw material availability has required proactive management to ensure the continued supply of packaging, steel, timber and aggregates. The short supply of sea freight containers has also caused transport costs to increase significantly.

Our objective continues to be to mitigate inflation by using dynamic and alternative solutions to ensure operational continuity and cost control. However, raw material shortages across the construction sector and reduced numbers of HGV drivers within the third party haulage market are causing costs to increase which we are recovering successfully through price increases. We continue to benefit from having our own vehicle fleet, which covers a substantial proportion of deliveries, and our aim is to increase logistics efficiency and vehicle utilisation.

Marshalls’ 5 year Strategy

The overall Group strategy continues to focus on the maintenance of a strong balance sheet, a flexible capital structure and a clear capital allocation policy. At the heart of the strategy are the following eight priority areas for investment and business focus. These objectives drive both long-term sustainable growth and shareholder returns.

- Brand preference for product specification
- Logistics excellence

- Sustainable materials supply
- Customer centricity
- Operational excellence
- New product development
- Digital transformation
- Growth in emerging businesses

The Group's long-term strategy focuses on organic investment to drive growth, and capital expenditure projects totalling around £30 million are planned for 2021. We have a good pipeline of projects that will drive future organic growth, including the flagship dual block plant project at our St Ives site, which has recently commenced. This will be the first facility of this nature in the UK and the planned investment over the next three years will be around £20 million. This project will significantly increase capacity, improve efficiency, enable multiple secondary finishing and facilitate the launch of new products.

There continues to be a strong focus on innovation and new product development across all parts of the Group. Research and development expenditure of £5 million is planned for 2021. The development pipeline continues to be strong and the Group is committed to providing sustainable, high performance product solutions. These include investment in technologies to enhance the development of cement-free product solutions. We are already using up to 60 per cent cement replacement in our paving.

Organic growth will continue to be supported by targeted acquisitions. We will continue to focus on bolt-on acquisitions in our key growth areas of Water Management and New Build Housing and are developing a good pipeline of opportunities.

Marshalls' environmental, social and governance ("ESG") agenda

The Group's long-term strategy continues to include an increasingly strong ESG agenda, which is fully integrated into business operations, and our central sustainability objective is to create better futures for everyone, socially, environmentally and economically. Our ESG strategy continues to generate opportunities, which are a source of competitive advantage. The objective is that these will drive both long-term sustainable growth and shareholder returns.

Marshalls aims to give full consideration to the long-term impact of all business operations, which means that all our products and services need to be ethically sourced and sustainable. We see sustainable sourcing as an essential part of our business model. The Group continues to support the United Nations Global Compact and the UN Sustainable Development Goals and we maintain a detailed framework of comprehensive policies covering the environment, human rights, labour, anti-corruption and governance. This year is the International Year for the Elimination of Child Labour and Marshalls has renewed its pledge to support this initiative.

The Group is committed to decarbonisation and we have aligned all greenhouse gas emissions reduction targets, across all relevant scopes, to 1.5 degrees centigrade emissions scenarios. We are the first company in our sector to have emission reduction targets approved by the Science Based Targets initiative as being consistent with levels required to meet the goals of the Paris Agreement. Marshalls has committed to reduce Scope 1 and 2 greenhouse gas emissions by 40 per cent per tonne of production by 2030 from a 2018 base year. For Scope 3, we have also committed that 73 per cent of our suppliers by emissions, covering purchased goods and services and upstream transport and distribution, will have science-based targets by 2024.

We are the only manufacturer in the industry to publish our product carbon footprint. This information is verified by the Carbon Trust and by BRE, in line with the PAS 2050 requirements. This benefits our customers who are able to compare the carbon footprint of our products against other products or substitute materials. We continue to use product innovation to develop and bring to market new products which are less carbon intensive to produce or made from recycled materials.

The Group has updated all its vehicle fleet to Euro 6 European emission standards and all our plants now use 100 per cent certified renewable energy. We continue to reduce our water and timber usage and have a target of reducing plastic usage by 85 per cent by the end of 2021.

We are committed to making our ESG data transparent so our stakeholders can trust the Marshalls brand, and we fully support the Task Force on Climate-Related Financial Disclosures ("TCFD"). Diversity, Equality, Respect and Inclusion ("DERI") is a key part of our people agenda and talent development programmes.

Balance sheet, net debt and cash flow

Net assets at 30 June 2021 were £320.1 million (2020: £275.8 million).

Reported net debt was £52.4 million at 30 June 2021 (31 December 2020: £75.6 million; 30 June 2020: £98.9 million). Net debt, on a pre-IFRS 16 basis, was £7.6 million at 30 June 2021 (31 December 2020: £26.9 million; 30 June 2020: £53.9 million). The strong cash generation in the first half of 2021 reflects the continuing focus given to capital discipline. Operating cash flow for the twelve months to 30 June 2021 represented 93 per cent of EBITDA which illustrates the strong conversion of profit into cash. Strong cash management continues to be a high priority area.

The continuing strategy is to ensure that facility and covenant headroom remains at comfortable levels and that we have a range of competitively priced funding lines in place, with different banks, at all times and with different maturity dates. The Group has total bank facilities of £165 million, of which £140 million are committed. The committed bank facilities have a spread of medium-term maturities that now extends to 2025.

The balance sheet value of the Group's defined benefit Pension Scheme was a surplus of £9.5 million at 30 June 2021 (December 2020: £2.7 million surplus; June 2020: £10.4 million surplus). The surplus was determined by the Scheme actuary using appropriate assumptions which are in line with current market expectations. During the last six months the AA corporate bond rate has increased from 1.40 per cent to 1.90 per cent and this is the primary driver of the increased surplus. The expected rate of CPI inflation has increased from 2.20 per cent to 2.55 per cent.

Dividend

Due to the impact of COVID-19, the Board did not declare an interim dividend in 2020. However, the payment of dividends continues to be a key priority for capital allocation and a final dividend of 4.30 pence per share for the year ended 31 December 2020 was paid to shareholders of the Company on 1 July 2021. The Group maintains a progressive dividend policy with the objective of achieving a dividend cover of two times earnings over the business cycle. The intention is to increase dividends in line with earnings.

The Group has declared an interim dividend of 4.70 pence per share, which reflects the recovery in profitability and the strong cash generation in the six months ended 30 June 2021. The dividend will be paid on 1 December 2021 to shareholders on the register at the close of business on 22 October 2021.

Principal risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

The ongoing impact of the COVID-19 pandemic on the business and the return process to "business as usual" are being continually assessed. The growth in market demand and external challenges in the wider supply chain have increased the risk of raw material shortages, product availability and a shortfall in haulage capacity. We are managing these issues proactively and maintaining our focus on cyber security risk. Further details of how the Group is mitigating these risks are set out in Note 16.

A detailed explanation of the Group's risk environment and how the Group seeks to mitigate its risks can be found on pages 24 to 31 of the 2020 Annual Report.

Going concern

As stated in Note 1 of the 2021 Half Year Report, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing the Half Year Report.

Appointment of Non-Executive Director

Marshalls plc today announces the appointment of Philip Rogerson as a Non-Executive Director with effect from 1 September 2021. Philip will also join the Audit, Remuneration and Nomination Committees.

Vanda Murray OBE, Chair of the Board, commented: "Philip is an experienced public company director and the Board is delighted that he will be joining Marshalls plc as a Non-Executive Director. Philip's cross-sector and financial experience will be extremely valuable to the Board and were at the heart of our rigorous recruitment process."

Outlook

Trading continues to improve and recent order intake has been good. The Construction Products Association's recent summer forecast predicts year on year increases in UK market volumes of 13.7 per cent in 2021 and 6.3 per cent in 2022 and the Group expects to meet or outperform the market. Market conditions remain supportive, despite certain supply chain challenges, which are leading to inflationary pressures across the sector. The underlying indicators in our main growth markets, including New Build Housing, Road, Rail and Water Management, remain positive. As a result, we remain confident that our strategy will deliver long-term profitable growth and that we are well positioned to cope with the temporary challenges associated with cost and material supply issues.

Encouraged by the continuing strength in demand and the positive trading environment, the Board is confident of making further progress and is accordingly raising its expectations for 2021 and 2022.

Martyn Coffey
Chief Executive

Philip Rogerson Biographical Notes

Philip's experience spans a wide variety of sectors including construction, technology and engineering, telecoms, printing and power generation, as well as financial services.

Philip was an Executive Director of BG Group plc (formerly British Gas plc) from 1992 to 1998, latterly as Deputy Chairman. He was formerly Chairman of Bunzl plc, De La Rue plc has also been both a Non-Executive Director and Chairman of a number of public companies. He is currently a Non-Executive Director of Blancco Technology Group plc. Philip qualified as a Chartered Accountant.

Philip Rogerson is independent for the purposes of the UK Corporate Governance Code. His recruitment follows a formal, rigorous and objective selection process led by the Nomination Committee with the help of external consultants Warren Partners. This announcement includes the information required by Listing Rules 9.6.11 to 9.6.13, and there is no information to report under Listing Rule 9.6.13R (2) - (6) inclusive.

Condensed Consolidated Income Statement

for the half year ended 30 June 2021

	Notes	**Total**	Before operational restructuring costs and asset impairments	Operational restructuring costs and asset impairments	Total	Before operational restructuring costs and asset impairments	Operational restructuring costs and asset impairments	**Total**
		Half year ended June	Half year ended June			Year ended December		
		2021	2020	2020	2020	2020	2020	2020
	Notes	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	4	**298,141**	210,473	-	210,473	469,454	-	469,454
Net operating costs	5	**(257,115)**	(206,933)	(17,609)	(224,542)	(442,272)	(17,809)	(460,081)
Operating profit/(loss)	4	**41,026**	3,540	(17,609)	(14,069)	27,182	(17,809)	9,373
Financial expenses	7	**(2,177)**	(1,914)	-	(1,914)	(4,730)	-	(4,730)
Financial income		**1**	6	-	6	10	-	10
Profit/(loss) before tax	4	**38,850**	1,632	(17,609)	(15,977)	22,462	(17,809)	4,653
Income tax (expense)/credit	8	**(8,275)**	(1,186)	2,985	1,799	(5,196)	3,101	(2,095)
Profit/(loss) for the financial period		**30,575**	446	(14,624)	(14,178)	17,266	(14,708)	2,558
Profit/(loss) for the financial period Attributable to:								
Equity shareholders of the Parent		**30,438**	233	(14,624)	(14,391)	17,078	(14,708)	2,370
Non-controlling interests		**137**	213	-	213	188	-	188
		30,575	446	(14,624)	(14,178)	17,266	(14,708)	2,558
Earnings per share								
Basic	9	**15.30p**	0.12p		(7.25)p	8.60p		1.19p
Diluted	9	**15.23p**	0.12p		-	8.53p		1.18p
Dividend								
Pence per share	10	**4.30p**	-			-		
Dividends declared in the period	10	**8,542**	-			-		

All results relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2021

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Profit for the financial period before operational restructuring costs and asset impairments	**30,575**	446	17,266
Operational restructuring costs and asset impairments	**-**	(14,624)	(14,708)
Profit/(loss) for the financial period	**30,575**	(14,178)	2,558
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Remeasurement of the net defined benefit asset	**6,936**	(5,205)	(12,741)
Deferred tax arising	**(1,734)**	989	2,421
Impact of the change in rate of deferred tax on defined benefit plan actuarial gain/(loss)	**17**	(314)	(314)
Total items that will not be reclassified to the Income Statement	**5,219**	(4,530)	(10,634)
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	**(956)**	(1,273)	(1,526)
Fair value of cash flow hedges transferred to the Income Statement	**(231)**	619	1,238
Deferred tax arising	**(222)**	111	42
Exchange difference on retranslation of foreign currency net investment	**436**	1,243	(1,117)
Exchange movements associated with borrowings	**(126)**	(1,169)	922
Foreign currency translation differences – non-controlling interests	**(34)**	48	39
Total items that are or may be reclassified subsequently to the Income Statement	**(1,133)**	(421)	(402)
Other comprehensive income/(expense) for the period, net of income tax	**4,086**	(4,951)	(11,036)
Total comprehensive income/(expense) for the period	**34,661**	(19,129)	(8,478)
Attributable to:			
Equity shareholders of the Parent	**34,558**	(19,390)	(8,705)
Non-controlling interests	**103**	261	227
	34,661	(19,129)	(8,478)

Condensed Consolidated Balance Sheet

as at 30 June 2021

	Notes	June 2021 £'000	June 2020 £'000	December 2020 £'000
Assets				
Non-current assets				
Property, plant and equipment		**176,208**	194,794	179,401
Right-of-use assets		**41,191**	43,622	44,990
Intangible assets		**93,815**	95,598	94,679
Employee benefits	12	**9,473**	10,393	2,726
Deferred taxation assets		**2,673**	2,084	2,620
		323,360	346,491	324,416
Current assets				
Inventories		**101,032**	82,490	89,782
Trade and other receivables		**118,985**	95,233	95,742
Cash and cash equivalents		**52,265**	86,609	103,707
Assets classified as held for sale		**-**	-	450
Derivative financial instruments		**-**	-	332
		272,282	264,332	290,013
Total assets		**595,642**	610,823	614,429
Liabilities				
Current liabilities				
Trade and other payables		**141,195**	125,269	119,816
Corporation tax		**4,360**	4,610	7,277
Short-term lease liabilities	11	**9,201**	10,213	10,065
Interest-bearing loans and borrowings		**20,000**	-	20,000
Derivative financial instruments		**855**	34	-
		175,611	140,126	157,158
Non-current liabilities				
Long-term lease liabilities	11	**35,881**	35,404	38,926
Interest-bearing loans and borrowings		**39,605**	139,860	110,282
Provisions		**1,449**	2,649	3,149
Deferred taxation liabilities		**22,990**	17,005	17,066
		99,925	194,918	169,423
Total liabilities		**275,536**	335,044	326,581
Net assets		**320,106**	275,779	287,848
Equity				
Capital and reserves attributable to equity shareholders of the Parent				
Share capital		**50,013**	50,013	50,013
Share premium account		**24,482**	24,482	24,482
Own shares		**(632)**	(1,075)	(806)
Capital redemption reserve		**75,394**	75,394	75,394
Consolidation reserve		**(213,067)**	(213,067)	(213,067)
Hedging reserve		**(1,096)**	16	313
Retained earnings		**383,959**	339,032	350,569
Equity attributable to equity shareholders of the Parent		**319,053**	274,795	286,898
Non-controlling interests		**1,053**	984	950
Total equity		**320,106**	275,779	287,848

Condensed Consolidated Cash Flow Statement

for the half year ended 30 June 2021

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Profit before operational restructuring costs and asset impairments	**30,575**	446	17,266
Operational restructuring costs and asset impairments	**-**	(14,624)	(14,708)
Profit/(loss) for the financial period	**30,575**	(14,178)	2,558
Income tax expense on continuing operations	**8,275**	1,186	5,196
Income tax credit on operational restructuring costs and asset impairments	**-**	(2,985)	(3,101)
Profit/(loss) before tax	**38,850**	(15,977)	4,653
Adjustments for:			
Depreciation of property, plant and equipment	**8,206**	7,687	15,657
Asset impairments	**-**	-	5,489
Depreciation of right-of-use assets	**5,692**	5,653	12,060
Amortisation	**1,447**	1,295	2,719
Net loss/(gain) on sale of property, plant and equipment	**132**	(37)	(1,103)
Share-based payment expense	**999**	1,244	2,998
Financial income and expenses (net)	**2,176**	1,908	4,720
Operating cash flow before changes in working capital	**57,502**	1,773	47,193
Increase in trade and other receivables	**(22,907)**	(25,207)	(26,031)
(Increase)/decrease in inventories	**(11,545)**	7,184	(180)
Increase in trade and other payables	**21,125**	7,772	7,442
Operational restructuring costs paid	**(1,255)**	(3,522)	(6,946)
Cash generated from/(absorbed by) operations	**42,920**	(12,000)	21,478
Financial expenses paid	**(1,988)**	(1,791)	(4,475)
Income tax paid	**(6,877)**	(4,631)	(4,631)
Net cash flow from operating activities	**34,055**	(18,422)	12,372
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**982**	73	11,450
Financial income received	**1**	6	10
Purchase of property, plant and equipment	**(6,409)**	(6,405)	(13,158)
Purchase of intangible assets	**(583)**	(1,094)	(1,599)
Net cash flow from investing activities	**(6,009)**	(7,420)	(3,297)
Cash flows from financing activities			
Payments to acquire own shares	**(3,542)**	(2,035)	(2,705)
Repayment of borrowings	**(72,900)**	(483)	(10,009)
New loans	**2,659**	67,900	67,900
Cash payments in respect of the principal portion of lease liabilities	**(5,640)**	(6,411)	(13,780)
Net cash flow from financing activities	**(79,423)**	58,971	41,406
Net (decrease)/increase in cash and cash equivalents	**(51,377)**	33,129	50,481
Cash and cash equivalents at the beginning of the period	**103,707**	53,258	53,258
Effect of exchange rate fluctuations	**(65)**	222	(32)
Cash and cash equivalents at the end of the period	**52,265**	86,609	103,707

Condensed Consolidated Statement of Changes in Equity

for the half year ended 30 June 2021

	Attributable to equity holders of the Company									
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Current half year										
At 1 January 2021	**50,013**	**24,482**	**(806)**	**75,394**	**(213,067)**	**313**	**350,569**	**286,898**	**950**	**287,848**
Total comprehensive income/(expense) for the period										
Profit for the financial period attributable to equity shareholders of the Parent	**-**	**-**	**-**	**-**	**-**	**-**	**30,438**	**30,438**	**137**	**30,575**
Other comprehensive income/(expense)										
Foreign currency translation differences	**-**	**-**	**-**	**-**	**-**	**-**	**310**	**310**	**(34)**	**276**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**-**	**-**	**-**	**(956)**	**-**	**(956)**	**-**	**(956)**
Net change in fair value of cash flow hedges transferred to the Income Statement	**-**	**-**	**-**	**-**	**-**	**(231)**	**-**	**(231)**	**-**	**(231)**
Deferred tax arising	**-**	**-**	**-**	**-**	**-**	**(222)**	**-**	**(222)**	**-**	**(222)**
Defined benefit plan actuarial gain	**-**	**-**	**-**	**-**	**-**	**-**	**6,936**	**6,936**	**-**	**6,936**
Deferred tax arising	**-**	**-**	**-**	**-**	**-**	**-**	**(1,734)**	**(1,734)**	**-**	**(1,734)**
Impact of the change in rate of deferred tax on defined benefit plan actuarial gain	**-**	**-**	**-**	**-**	**-**	**-**	**17**	**17**	**-**	**17**
Total other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**-**	**(1,409)**	**5,529**	**4,120**	**(34)**	**4,086**
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**-**	**-**	**(1,409)**	**35,967**	**34,558**	**103**	**34,661**
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**999**	**999**	**-**	**999**
Deferred tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**(52)**	**(52)**	**-**	**(52)**
Corporation tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**192**	**192**	**-**	**192**
Purchase of own shares	**-**	**-**	**(3,542)**	**-**	**-**	**-**	**-**	**(3,542)**	**-**	**(3,542)**
Disposal of own shares	**-**	**-**	**3,716**	**-**	**-**	**-**	**(3,716)**	**-**	**-**	**-**
Total contributions by and distributions to owners	**-**	**-**	**174**	**-**	**-**	**-**	**(2,577)**	**(2,403)**	**-**	**(2,403)**
Total transactions with owners of the Company	**-**	**-**	**174**	**-**	**-**	**(1,409)**	**33,390**	**32,155**	**103**	**32,258**
At 30 June 2021	**50,013**	**24,482**	**(632)**	**75,394**	**(213,067)**	**(1,096)**	**383,959**	**319,053**	**1,053**	**320,106**

	Attributable to equity holders of the Company									
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Prior half year										
At 1 January 2020	50,013	24,482	(1,391)	75,394	(213,067)	559	359,053	295,043	723	295,766
Total comprehensive (expense)/income for the period										
(Loss)/profit for the financial period attributable to equity shareholders of the Parent	-	-	-	-	-	-	(14,391)	(14,391)	213	(14,178)
Other comprehensive (expense)/income										
Foreign currency translation differences	-	-	-	-	-	-	74	74	48	122
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(1,273)	-	(1,273)	-	(1,273)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	619	-	619	-	619
Deferred tax arising	-	-	-	-	-	111	-	111	-	111
Defined benefit plan actuarial loss	-	-	-	-	-	-	(5,205)	(5,205)	-	(5,205)
Deferred tax arising	-	-	-	-	-	-	989	989	-	989
Impact of the change in rate of deferred tax on defined benefit plan actuarial loss	-	-	-	-	-	-	(314)	(314)	-	(314)
Total other comprehensive (expense)/income	-	-	-	-	-	(543)	(4,456)	(4,999)	48	(4,951)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(543)	(18,847)	(19,390)	261	(19,129)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	1,244	1,244	-	1,244
Deferred tax on share-based payments	-	-	-	-	-	-	(253)	(253)	-	(253)
Corporation tax on share-based payments	-	-	-	-	-	-	186	186	-	186
Purchase of own shares	-	-	(2,035)	-	-	-	-	(2,035)	-	(2,035)
Disposal of own shares	-	-	2,351	-	-	-	(2,351)	-	-	-
Total contributions by and distributions to owners	-	-	316	-	-	-	(1,174)	(858)	-	(858)
Total transactions with owners of the Company	-	-	316	-	-	(543)	(20,021)	(20,248)	261	(19,987)
At 30 June 2020	50,013	24,482	(1,075)	75,394	(213,067)	16	339,032	274,795	984	275,779

	Attributable to equity holders of the Company									
	Share capital £'000	Share premium account £'000	Own shares £'000	Capital redemption reserve £'000	Consolidation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Prior year										
At 1 January 2020	50,013	24,482	(1,391)	75,394	(213,067)	559	359,053	295,043	723	295,766
Total comprehensive (expense)/income for the year										
Profit for the financial year attributable to equity shareholders of the Parent	-	-	-	-	-	-	2,370	2,370	188	2,558
Other comprehensive (expense)/income										
Foreign currency translation differences	-	-	-	-	-	-	(195)	(195)	39	(156)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(1,526)	-	(1,526)	-	(1,526)
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	1,238	-	1,238	-	1,238
Deferred tax arising	-	-	-	-	-	42	-	42	-	42
Defined benefit plan actuarial loss	-	-	-	-	-	-	(12,741)	(12,741)	-	(12,741)
Deferred tax arising	-	-	-	-	-	-	2,421	2,421	-	2,421
Impact of the change in rate of deferred tax on defined benefit plan actuarial loss	-	-	-	-	-	-	(314)	(314)	-	(314)
Total other comprehensive (expense)/income	-	-	-	-	-	(246)	(10,829)	(11,075)	39	(11,036)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(246)	(8,459)	(8,705)	227	(8,478)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share-based payments	-	-	-	-	-	-	2,998	2,998	-	2,998
Deferred tax on share-based payments	-	-	-	-	-	-	(104)	(104)	-	(104)
Corporation tax on share-based payments	-	-	-	-	-	-	371	371	-	371
Purchase of own shares	-	-	(2,705)	-	-	-	-	(2,705)	-	(2,705)
Disposal of own shares	-	-	3,290	-	-	-	(3,290)	-	-	-
Total contributions by and distributions to owners	-	-	585	-	-	-	(25)	560	-	560
Total transactions with owners of the Company	-	-	585	-	-	(246)	(8,484)	(8,145)	227	(7,918)
At 31 December 2020	50,013	24,482	(806)	75,394	(213,067)	313	350,569	286,898	950	287,848

Notes to the Condensed Consolidated Financial Statements

for the half year ended 30 June 2021

1. Basis of preparation

Marshalls plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Financial Statements of the Company for the half year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

The Annual Financial Statements will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The Condensed Consolidated Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and the requirements of IAS 34 "*Interim Financial Reporting*" as contained in UK adopted IFRS.

The Condensed Consolidated Financial Statements do not constitute statutory financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half Year Financial Statements were approved by the Board on 19 August 2021. The Condensed Consolidated Half Year Financial Statements are not statutory accounts as defined by Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2020 has been extracted from the Annual Financial Statements, included in the Annual Report 2020, which has been filed with the Registrar of Companies. The report of the Auditor was: (i) unqualified; (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report; and (iii) did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006.

The Condensed Consolidated Financial Statements for the half year ended 30 June 2021 and the comparative period have not been audited. The Auditor has carried out a review of the Half Year Financial Information and its report is set out below.

The Annual Financial Statements of the Group were prepared in accordance with International Reporting Standards ("IFRSs") adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union. As required by the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority, the condensed set of Financial Statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published Consolidated Financial Statements for the year ended 31 December 2020.

The Condensed Consolidated Half Year Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and liabilities for cash settled share-based payments.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these Condensed Consolidated Half Year Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements of the Group for the year ended 31 December 2020.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

Details of the Group's funding position are set out in Note 14. The additional short-term bank facilities of £90 million established in May 2020 were not utilised and have now reached maturity. In addition, the COVID Corporate Financing Facility ("CCFF") that was put in place at the same time was also not required and expired in April 2021. Bank facilities have returned to pre-COVID-19 levels and total £165 million, of which £140 million are committed. Trading has improved steadily from the second half of 2020 and cash generation has been strong. This trend has continued in the first half of 2021 and as at 30 June 2021 net debt, on a pre-IFRS 16 basis, was £7.6 million. This compares with £26.9 million at 31 December 2020 and £53.9 million at 30 June 2020. Consequently, the Group has significant headroom of £105.4 million at 30 June 2021 against its bank facilities.

In assessing the appropriateness of adopting the going concern basis in the Condensed Consolidated Half Year Financial Statements, the Board continues to review, on a rolling basis, a range of severe downside scenario stress tests to assess the potential impact of emerging and longer-term risks. The aim is to ensure that the business model is reviewed regularly to ensure that it is sustainable over the long term.

The stress testing reflects the principal risks that could conceivably threaten the Group's ability to continue operating as a going concern and focuses on scenarios that might give rise to sales volume reductions, deteriorating operating margins and increases in interest rates. The impact of continuing COVID-19, uncertainty and a general background of macro-economic and political uncertainty all remain and combine to be the key risk areas and all of the Group's other principal risks are covered within the same downside stress tests.

The Group's performance is dependent on economic and market conditions, the outlook for which is difficult to predict. However, based on current expectations and as consequence of significantly improved trading, the Group's latest cash forecasts continue to meet half year and year-end bank covenants and there is adequate headroom that is not dependent on facility renewals. At 30 June 2021, on a covenant test basis (pre-IFRS 16), the relevant ratios were achieved comfortably and were as follows:

EBITA:interest charge – 25.4 times (covenant test requirement – to be greater than 2.5 times).

Net debt:EBITDA – 0.1 times (covenant test requirement – to be less than 3.0 times).

Net debt:EBITDA on a reported basis is 0.6 times at 30 June 2021, with a continuing objective to be below 1.0 times. After considering the risks associated with COVID-19, the wider economy and other relevant uncertainties, the Directors believe that the Group is well placed to manage its business risks successfully. The Board considers that the Group has sufficient unutilised facilities which mature after 12 months. Accordingly, they continue to adopt the going concern basis in preparing the Condensed Consolidated Half Year Financial Statements.

2. Accounting policies

The accounting policies have been applied consistently throughout the Group for the purposes of these Condensed Consolidated Half Year Financial Statements and are also set out on the Company's website (www.marshalls.co.uk). The same accounting policies, methods of computation and disclosure are followed in the Condensed Consolidated Half Year Financial Statements as compared to the most recent Annual Financial Statements. New standards, revisions to standards or new interpretations becoming effective during the 2021 financial year are not expected to have a material impact on the Financial Statements for the Group. For the comparative periods, operational restructuring costs and asset impairments have been disclosed separately on the face of the Income Statement due to their scale and exceptional nature and to provide a better understanding of the Group's results. Further details have been included in Note 6. The Condensed Consolidated Half Year Financial Statements are presented in Sterling, rounded to the nearest thousand.

3. Alternative performance measures

The Group uses alternative performance measures ("APMs") which are not defined or specified under IFRS. The Group believes that its 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 more meaningful comparative information.

Results before operational restructuring costs and asset impairments

Operational restructuring costs and asset impairments have been disclosed separately on the face of the Income Statement due to their scale and exceptional nature and to provide a better understanding of the Group's results. Further details have been included in Note 6.

Pre-IFRS 16 basis

Disclosures required under IFRS are referred to as either on a post-IFRS 16 basis or on a reported basis. Disclosures referred to on a pre-IFRS 16 basis are restated to those that applied before the adoption of IFRS 16 and are used to provide additional information and a more detailed understanding of the Group results. A summarised Income Statement on both a reported basis and a pre-IFRS 16 basis is set out below. Both are before operational restructuring costs and asset impairments.

	Pre-IFRS 16 June 2021 £'000	**As reported June 2021 £'000**	Pre-IFRS 16 June 2020 £'000	As reported June 2020 £'000	Pre-IFRS 16 December 2020 £'000	As reported December 2020 £'000
Revenue	**298,141**	**298,141**	210,473	210,473	469,454	469,454
Net operating costs	**(256,922)**	**(257,115)**	(207,690)	(206,933)	(443,992)	(442,272)
Operating profit	**41,219**	**41,026**	2,783	3,540	25,462	27,182
Finance charges (net)	**(1,263)**	**(2,176)**	(1,241)	(1,908)	(3,116)	(4,720)
Profit before tax	**39,956**	**38,850**	1,542	1,632	22,346	22,462
Income tax	**(8,275)**	**(8,275)**	(1,186)	(1,186)	(5,196)	(5,196)
Profit after tax	**31,681**	**30,575**	356	446	17,150	17,266

The financial metrics are presented on both a reported basis and a pre-IFRS 16 basis. Both are before operational restructuring costs and asset impairments and are as follows:

	Pre-IFRS 16 June 2021	**As reported June 2021**	Pre-IFRS 16 June 2020	As reported June 2020	Pre-IFRS 16 December 2020	As reported December 2020
Profit before tax (£'000)	**39,956**	**38,850**	1,542	1,632	22,346	22,462
EBITDA (£'000)	**50,872**	**56,371**	11,765	18,176	43,838	57,618
EPS (pence)	**15.85**	**15.30**	0.07	0.12	8.54	8.60
Net debt (£'000)	**7,597**	**52,421**	53,858	98,868	26,945	75,566
ROCE (%)	**20.2**	**18.1**	11.9	10.9	8.9	8.2
Net debt:EBITDA	**0.1**	**0.6**	1.0	1.5	0.6	1.3
Gearing (%)	**2.3**	**16.4**	19.4	35.9	9.3	26.3

EBITA and EBITDA

EBITA represents earnings before interest, tax and the amortisation of intangibles. This is a component of the ROCE calculation. EBITDA is calculated by adding back depreciation to EBITA. Both EBITA and EBITDA are disclosed before operational restructuring costs and asset impairments.

	Pre-IFRS 16 June 2021 £'000	**As reported June 2021 £'000**	Pre-IFRS 16 June 2020 £'000	As reported June 2020 £'000	Pre-IFRS 16 December 2020 £'000	As reported December 2020 £'000
EBITDA	**50,872**	**56,371**	11,765	18,176	43,838	57,618
Depreciation	**(8,206)**	**(13,898)**	(7,687)	(13,341)	(15,657)	(27,717)
EBITA	**42,666**	**42,473**	4,078	4,835	28,181	29,901
Amortisation of intangible assets	**(1,447)**	**(1,447)**	(1,295)	(1,295)	(2,719)	(2,719)
Operating profit	**41,219**	**41,026**	2,783	3,540	25,462	27,182

ROCE

Reported ROCE is defined as EBITA divided by shareholders' funds plus net debt. ROCE is disclosed before operational restructuring costs and asset impairments.

	Pre-IFRS 16 June 2021 £'000	**As reported June 2021 £'000**	Pre-IFRS 16 June 2020 £'000	As reported June 2020 £'000	Pre-IFRS 16 December 2020 £'000	As reported December 2020 £'000
EBITA – half year ended 30 June	**42,666**	**42,473**	4,078	4,835	4,078	4,835
EBITA – half year ended 31 December	**24,103**	**25,066**	35,386	35,899	24,103	25,066
EBITA – year ended 30 June	**66,769**	**67,539**	39,464	40,734	28,181	29,901
Shareholders' funds	**323,296**	**320,106**	277,773	275,779	289,816	287,848
Net debt	**7,597**	**52,421**	53,858	98,868	26,945	75,566
	330,893	**372,527**	331,631	374,647	316,761	363,414
Reported ROCE	**20.2%**	**18.1%**	11.9%	10.9%	8.9%	8.2%

Net debt

Net debt comprises cash at bank and in hand, bank loans and leasing liabilities. An analysis of net debt is provided in Note 13.

4. 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. As far as Marshalls plc is concerned, the CODM is regarded as being the Board. The Board has concluded that the detailed requirements of IFRS 8 support the reporting of the Group's Landscape Products business as a reportable segment, which includes the UK operations of the Marshalls Landscape Products business, servicing both the UK Domestic and the UK Public Sector and Commercial end markets. Financial information for Landscape Products is reported to the Group's CODM for the assessment of segmental performance and to facilitate resource allocation.

The Landscape Products reportable segment operates a national manufacturing plan that is structured around a series of production units throughout the UK, in conjunction with a single logistics and distribution operation. A national planning process supports sales to both of the key end markets, namely the UK Domestic and UK Public Sector and Commercial end markets, and the operating assets produce and deliver a range of broadly similar products that are sold into each of these end markets. Within the Landscape Products operating segment, the focus is on the one integrated production, logistics and distribution network supporting both end markets.

Included in "Other" are the Group's Landscape Protection, Mineral Products, Mortars and Screeds and International operations, which do not currently meet the IFRS 8 reporting requirements. The accounting policies of the Landscape Products operating segment 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.

Segment revenues and results

	Half year ended June 2021			Half year ended June 2020			Year ended December 2020		
	Landscape Products £'000	**Other £'000**	**Total £'000**	Landscape Products* £'000	Other* £'000	Total £'000	Landscape Products* £'000	Other* £'000	Total £'000
External revenue	**250,122**	**50,200**	**300,322**	168,496	43,283	211,779	388,420	83,787	472,207
Inter-segment revenue	**(179)**	**(2,002)**	**(2,181)**	(14)	(1,292)	(1,306)	(314)	(2,439)	(2,753)
Total revenue	**249,943**	**48,198**	**298,141**	168,482	41,991	210,473	388,106	81,348	469,454
Segment operating profit	**40,283**	**3,600**	**43,883**	8,430	(538)	7,892	32,864	1,066	33,930
Operational restructuring costs and asset impairments			**-**			(17,609)			(17,809)
Unallocated administration costs			**(2,857)**			(4,352)			(6,748)
Operating profit/(loss)			**41,026**			(14,069)			9,373
Finance charges (net)			**(2,176)**			(1,908)			(4,720)
Profit/(loss) before tax			**38,850**			(15,977)			4,653
Taxation			**(8,275)**			1,799			(2,095)
Profit/(loss) after tax			**30,575**			(14,178)			2,558

* Following a change to the way in which information is reported internally, the comparative figures are being restated to ensure consistent classification with the analysis reported for the half year ended 30 June 2021.

Segment assets

	June **2021 £'000**	June 2020* £'000	December 2020* £'000
Fixed assets, right-of-use assets and inventory:			
Landscape Products	**258,451**	250,153	249,842
Other	**59,980**	70,753	64,331
Total segment fixed assets, right-of-use assets and inventory	**318,431**	320,906	314,173
Unallocated assets	**277,211**	289,917	300,256
Consolidated total assets	**595,642**	610,823	614,429

* Following a change to the way in which information is reported internally, the comparative figures are being restated to ensure consistent classification with the analysis reported for the half year ended 30 June 2021.

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

Other segment information

	Depreciation and amortisation			Fixed asset and right-of-use asset additions		
	Half year ended June		Year ended	Half year ended June		Year ended
	2021	2020*	December 2020*	**2021**	2020	December 2020
	£'000	£'000	£'000	**£'000**	£'000	£'000
Landscape Products	**12,022**	12,663	23,852	**7,273**	14,698	24,723
Other	**3,323**	1,972	6,584	**3,140**	969	6,528
	15,345	14,635	30,436	**10,413**	15,667	31,251

* Following a change to the way in which information is reported internally, the comparative figures are being restated to ensure consistent classification with the analysis reported for the half year ended 30 June 2021.

Geographical destination of revenue

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
United Kingdom	**278,611**	192,833	438,173
Rest of the World	**19,530**	17,640	31,281
	298,141	210,473	469,454

5. Net operating costs

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Raw materials and consumables	**116,644**	87,110	182,983
Personnel costs	**63,997**	52,108	122,260
Depreciation of property, plant and equipment	**8,206**	7,687	15,657
Depreciation of right-of-use assets	**5,692**	5,653	12,060
Amortisation of intangible assets	**1,447**	1,295	2,719
Own work capitalised	**(1,585)**	(967)	(2,991)
Other operating costs	**63,719**	54,602	112,603
Redundancy and other restructuring costs	**-**	-	356
Operating costs	**258,120**	207,488	445,647
Other operating income	**(1,137)**	(518)	(2,272)
Net loss/(gain) on asset and property disposals	**132**	(37)	(1,103)
Net operating costs before operational restructuring costs and asset impairments	**257,115**	206,933	442,272
Operational restructuring costs and asset impairments (Note 6)	**-**	17,609	17,809
Net operating costs	**257,115**	224,542	460,081

6. Operational restructuring costs and asset impairments

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Works closure costs	**-**	3,257	4,502
Redundancy	**-**	7,657	7,818
Asset impairments	**-**	6,695	5,489
	-	17,609	17,809

The Board determined that certain charges to the Condensed Consolidated Half Year Report should be separately identified for better understanding of the Group's results for the half year ended 30 June 2020

7. Financial expenses

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Financial expenses			
Net interest expense on defined benefit pension scheme	**139**	73	154
Interest expense on bank loans, overdrafts and loan notes	**1,125**	1,174	2,972
Interest expense on lease liabilities	**913**	667	1,604
	2,177	1,914	4,730

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

8. Income tax expense

	Total	Before operational restructuring costs and asset impairments	Operational restructuring costs and asset impairments	Total	Before operational restructuring costs and asset impairments	Operational restructuring costs and asset impairments	Total
	Half year ended June	Half year ended June			Year ended December		
	2021	2020	2020	2020	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current tax expense							
Current year	**5,006**	940	(2,225)	(1,285)	5,072	(2,341)	2,731
Adjustments for prior years	**(612)**	(595)	-	(595)	(1,768)	-	(1,768)
	4,394	345	(2,225)	(1,880)	3,304	(2,341)	963
Deferred taxation expense							
Origination and reversal of temporary differences:							
Current year	**4,698**	267	(760)	(493)	918	(760)	158
Adjustment for prior years	**(817)**	574	-	574	974	-	974
Total tax expense	**8,275**	1,186	(2,985)	(1,799)	5,196	(3,101)	2,095

	Half year ended June		Half year ended June		Year ended December	
	2021		2020		2020	
	%	**£'000**	%	£'000	%	£'000
Reconciliation of effective tax rate						
Profit/(loss) before tax	**100.0**	**38,850**	100.0	(15,977)	100.0	4,653
Tax using domestic corporation tax rate	**19.0**	**7,382**	19.0	(3,036)	19.0	884
Impact of deprecation in excess of capital allowances	**(6.8)**	**(2,651)**	(0.8)	131	3.7	173
Short-term timing differences	**0.7**	**285**	(4.0)	645	13.9	645
Adjustment to tax charge in prior period	**(1.6)**	**(612)**	3.7	(595)	(38.0)	(1,768)
Expenses not deductible for tax purposes	**-**	**(9)**	(6.1)	975	22.1	1,029
Corporation tax charge/(credit) for the period	**11.3**	**4,395**	11.8	(1,880)	20.7	963
Impact of capital allowances in excess of depreciation	**5.6**	**2,171**	17.5	(2,795)	(34.1)	(1,585)
Short-term timing differences	**-**	**(11)**	(5.1)	815	1.1	52
Pension scheme movements	**0.1**	**49**	0.5	(76)	(2.7)	(124)
Other items	**(0.1)**	**(52)**	(0.1)	9	0.4	18
Adjustment to tax charge in prior period	**(2.1)**	**(817)**	(3.6)	574	20.9	974
Impact of the change in the rate of corporation tax on deferred taxation	**6.5**	**2,540**	(9.7)	1,554	38.7	1,797
Total tax charge/(credit) for the period	**21.3**	**8,275**	11.3	(1,799)	45.0	2,095

The effective tax rate was 21.3 per cent (2020: 72.7 per cent, before operational restructuring costs and asset impairments).

The net amount of deferred taxation debited to the Consolidated Statement of Comprehensive Income in the period was £1,939,000 (30 June 2020: £786,000 credit; 31 December 2020: £2,149,000 credit).

An increase in the UK corporation tax rate to 25 per cent was announced in the period, to be effective from April 2023. The rate change was substantively enacted on 24 May 2021 and therefore the deferred taxation liability at 30 June 2021 has been calculated using the 25 per cent rate, which is the rate at which most of the deferred tax is expected to unwind in the future. This rate change has given rise to an increase to the deferred tax charge of £2.9 million in the half year.

The effective tax rate in the prior year period was impacted by a deferred tax charge of £1,554,000 arising from the impact of a change in the rate of corporation tax.

9. Earnings per share

Basic earnings per share from total operations of 15.30 pence (30 June 2020: 7.25 pence loss; 31 December 2020: 1.19 pence earnings) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial period after adjusting for non-controlling interests of £30,438,000 (30 June 2020: £14,391,000 loss; 31 December 2020: £2,370,000 profit) by the weighted average number of shares in issue during the period of 198,998,315 (30 June 2020: 198,559,008; 31 December 2020: 198,642,224).

Basic earnings per share before operational restructuring costs and asset impairments of 15.30 pence (30 June 2020: 0.12 pence; 31 December 2020: 8.60 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial period after adjusting for non-controlling interests of £30,438,000 (30 June 2020: £233,000; 31 December 2020: £17,078,000) by the weighted average number of shares in issue during the period of 198,998,315 (30 June 2020: 198,559,008; 31 December 2020: 198,642,224).

Profit attributable to Ordinary Shareholders

	Half year ended June 2021 £'000	2020 £'000	Year ended December 2020 £'000
Profit before operational restructuring costs and asset impairments	**30,575**	446	17,266
Operational restructuring costs and asset impairments	**-**	(14,624)	(14,708)
Profit/(loss) for the financial period	**30,575**	(14,178)	2,558
Result attributable to non-controlling interests	**(137)**	(213)	(188)
Profit/(loss) attributable to Ordinary Shareholders	**30,438**	(14,391)	2,370

Weighted average number of Ordinary Shares

	Half year ended June 2021 £'000	2020 £'000	Year ended December 2020 £'000
Number of issued Ordinary Shares	**200,052,157**	200,052,157	200,052,157
Effect of shares transferred into employee benefit trust	**(1,063,842)**	(1,493,149)	(1,409,933)
Weighted average number of Ordinary Shares	**198,988,315**	198,559,008	198,642,224

Diluted earnings per share before operational restructuring costs and asset impairments of 15.23 pence (31 December 2020: 1.18 pence) per share is calculated by dividing the profit for the financial period, after adjusting for non-controlling interests of £30,438,000 (31 December 2020: £2,370,000), by the weighted average number of shares in issue during the period of 198,988,315 (31 December 2020: 198,642,224), plus potentially dilutive shares of 825,665 (31 December 2020: 1,614,132), which totals 199,813,980 (31 December 2020: 200,256,356).

For the half year ended 30 June 2020, the potential Ordinary Shares were considered to be anti-dilutive to the total earnings per share calculation.

Diluted earnings per share before operational restructuring costs and asset impairments of 15.23 pence (30 June 2020: 0.12 pence; 31 December 2020: 8.53 pence) per share is calculated by dividing the profit for the financial period, after adjusting for non-controlling interests of £30,438,000 (30 June 2020: £233,000; 31 December 2020: £17,078,000), by the weighted average number of shares in issue during the period of 198,988,315 (30 June 2020: 198,559,008; 31 December 2020: 198,642,224), plus potentially dilutive shares of 825,665 (30 June 2020: 1,508,427; 31 December 2020: 1,614,132), which totals 199,813,980 (30 June 2020: 200,067,435; 31 December 2020: 200,256,356).

Weighted average number of Ordinary Shares (diluted)

	Half year ended June 2021 £'000	2020 £'000	Year ended December 2020 £'000
Weighted average number of Ordinary Shares	**198,988,315**	198,559,008	198,642,224
Dilutive shares	**825,665**	1,508,427	1,614,132
Weighted average number of Ordinary Shares (diluted)	**199,813,980**	200,067,435	200,256,356

10. Dividends

After the balance sheet date, the following dividends were proposed by the Directors.

	Pence per qualifying share	Half year ended June 2021 £'000	2020 £'000	Year ended December 2020 £'000
2021 interim	4.70	**9,359**	-	-
2020 final	4.30	-	-	8,542
		9,359	-	8,542

The following dividends were approved by the shareholders in the period:

	Pence per qualifying share	Half year ended June 2021 £'000	2020 £'000	Year ended December 2020 £'000
2020 final	4.30	**8,542**	-	-

11. Lease liabilities

	June 2021 £'000	2020 £'000	December 2020 £'000
Analysed as:			
Amounts due for settlement within 12 months (shown under current liabilities)	**9,201**	10,213	10,065
Amounts due for settlement after 12 months	**35,881**	35,404	38,926
	45,082	45,617	48,991

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £913,000 for the half year ended 30 June 2021 (June 2020: £667,000; December 2020: £1,604,000). Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date.

For the half year ended 30 June 2021, the average effective borrowing rate was 2.9 per cent (June 2020: 2.7 per cent; December 2020: 2.8 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.

The vast majority of lease obligations are denominated in Sterling.

12. Employee benefits

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 interests 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 defined benefit section of 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 then 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 Trustee is required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

The defined benefit section of 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 3 years. The next actuarial valuation is being carried out with an effective date of 5 April 2021. 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.

A formal actuarial valuation was carried out as at 5 April 2018. The results of that valuation have been projected to 30 June 2021 by a qualified independent actuary. The figures in the following disclosure were measured using the projected unit method.

The amounts recognised in the Consolidated Balance Sheet were as follows:

	June		December
	2021	2020	2020
	£'000	£'000	£'000
Present value of Scheme liabilities	**(370,104)**	(388,391)	(399,938)
Fair value of Scheme assets	**379,577**	398,784	402,664
Net amount recognised (before any adjustment for deferred tax)	**9,473**	10,393	2,726

The current and past service costs, settlements and curtailments, together with the net interest expense for the period, are included in the employee benefits expense in the Statement of Comprehensive Income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	Half year ended June		Year ended December
	2021	2020	2020
	£'000	£'000	£'000
Service cost:			
Net interest expense recognised in the Consolidated Income Statement	**189**	123	254
Remeasurements of the net liability:			
Return on Scheme assets (excluding amount included in interest expense)	**20,249**	(32,494)	(40,151)
(Gain)/loss arising from changes in financial assumptions	**(23,929)**	36,287	52,491
(Gain)/loss arising from changes in demographic assumptions	**(3,256)**	1,412	1,209
Experience gain	**-**	–	(808)
(Credit)/debit recorded in other comprehensive income	**(6,936)**	5,205	12,741
Total defined benefit (credit)/debit	**(6,747)**	5,328	12,995

The principal actuarial assumptions used were:

	June 2021	June 2020	December 2020
Liability discount rate	**1.90%**	1.55%	1.40%
Inflation assumption – RPI	**3.20%**	2.75%	2.85%
Inflation assumption – CPI	**2.55%**	2.05%	2.20%
Rate of increase in salaries	**n/a**	n/a	n/a
Revaluation of deferred pensions	**2.55%**	2.10%	2.20%
Increases for pensions in payment:			
CPI pension increases (maximum 5% per annum)	**2.55%**	2.10%	2.20%
CPI pension increases (maximum 5% per annum, minimum 3% per annum)	**3.35%**	3.20%	3.25%
CPI pension increases (maximum 3% per annum)	**2.20%**	1.90%	1.95%
Proportion of employees opting for early retirement	**0%**	0%	0%
Proportion of employees commuting pension for cash	**80%**	80%	80%
Mortality assumption – before retirement	**Same as post retirement**	Same as post retirement	Same as post-retirement
Mortality assumption – after retirement (males)	**S2PXA tables**	S2PXA tables	S2PXA tables
Loading	**110%**	110%	110%
Projection basis	**Year of birth CMI_2020 1.0%**	Year of birth CMI_2019 1.0%	Year of birth CMI_2019 1.0%
Mortality assumption – after retirement (females)	**S2PXA tables**	S2PXA tables	S2PXA tables
Loading	**110%**	110%	110%
Projection basis	**Year of birth CMI_2020 1.0%**	Year of birth CMI_2019 1.0%	Year of birth CMI_2019 1.0%
Future expected lifetime of current pensioner at age 65:			
Male aged 65 at year end	**85.5**	85.7	85.7
Female aged 65 at year end	**87.6**	87.7	87.7
Future expected lifetime of future pensioner at age 65:			
Male aged 45 at year end	**86.5**	86.7	86.7
Female aged 45 at year end	**88.8**	88.9	88.9

13. Analysis of net debt

	1 January 2021 £'000	Cash flow £'000	New leases £'000	Other changes(i) £'000	**30 June 2021 £'000**
Cash at bank and in hand	103,707	(51,377)	-	(65)	**52,265**
Debt due within 1 year	(20,000)	-	-	-	**(20,000)**
Debt due after 1 year	(110,282)	70,241	-	436	**(39,605)**
Lease liabilities	(48,991)	5,640	(1,731)	-	**(45,082)**
	(75,566)	24,504	(1,731)	371	**(52,422)**

(i) Other changes include foreign currency movements on cash and loan balances.

The cash flow of £24,504,000 in the period included the impact of transfers between bank borrowings and cash and cash equivalents and reflects a normalisation of the Group's management of liquidity as business conditions improved following the COVID-19 pandemic.

Reconciliation of net cash flow to movement in net debt

	Half year ended June **2021 £'000**	Half year ended June 2020 £'000	Year ended December 2020 £'000
Net (decrease)/increase in cash and cash equivalents	**(51,377)**	33,129	50,481
Cash outflow/(inflow) from decrease/(increase) in bank borrowings	**70,241**	(67,417)	(57,891)
Cash outflow from lease repayments	**5,640**	6,411	13,780
New leases entered into	**(1,731)**	(10,068)	(20,811)
Effect of exchange rate fluctuations	**371**	(947)	(1,149)
Movement in net debt in the period	**23,144**	(38,892)	(15,590)
Net debt at the beginning of the period	**(75,566)**	(59,976)	(59,976)
Net debt at the end of the period	**(52,422)**	(98,868)	(75,566)

14. Borrowing facilities

The total bank borrowing facilities at 30 June 2021 amounted to £165.0 million (30 June 2020: £255.0 million; 31 December 2020: £255.0 million), of which £105.4 million (30 June 2020: £115.1 million; 31 December 2020: £124.7 million) remained unutilised.

The undrawn facilities available at 30 June 2021, in respect of which all conditions precedent had been met, were as follows:

	June		December
	2021	2020	2020
	£'000	£'000	£'000
Committed:			
Expiring in more than 2 years but not more than 5 years	**80,395**	140	9,718
Expiring in 1 year or less	**-**	90,000	90,000
Uncommitted:			
Expiring in 1 year or less	**25,000**	25,000	25,000
	105,395	115,140	124,718

The additional short-term bank facilities of £90 million established in May 2020 were not utilised and have now reached maturity. In addition, the COVID Corporate Financing Facility ("CCFF") that was put in place at the same time was also not required. Bank facilities have returned to pre-COVID-19 levels and total £165 million, of which £140 million are committed.

On 13 August 2021, the Group entered into a new £20 million revolving credit facility with HSBC and, the Group has also renewed its short-term working capital facilities of £25.0 million with NatWest.

Amendment agreements have also been entered into with all our partner banks following the announcement that LIBOR will cease at the end of 2021. The Group's committed bank facilities are all revolving credit facilities with interest now charged at variable rates based on SONIA. The Group's bank facilities continue to be aligned with the current strategy to ensure that headroom against available facilities remains at appropriate levels. The maturity profile of borrowing facilities is structured to provide balanced, committed and phased medium-term debt

Following the signing of new bank facilities, the current facilities are set out as follows:

	Facility £'000	Cumulative facility £'000
Committed facilities:		
Q3: 2025	20,000	20,000
Q3: 2024	35,000	55,000
Q1: 2024	25,000	80,000
Q3: 2023	20,000	100,000
Q2: 2023	20,000	120,000
Q4: 2022	20,000	140,000
On-demand facilities:		
Available all year	15,000	155,000
Seasonal (February to August inclusive)	10,000	165,000

15. 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 30 June 2021 is shown below:

	June 2021		June 2020		December 2020	
	Book amount £'000	**Fair value £'000**	Book amount £'000	Fair value £'000	Book amount £'000	Fair value £'000
Trade and other receivables	**107,809**	**107,809**	86,527	86,527	86,699	86,699
Cash and cash equivalents	**52,265**	**52,265**	86,609	86,609	103,707	103,707
Bank loans	**(59,605)**	**(57,348)**	(139,860)	(133,859)	(130,282)	(126,010)
Trade and other payables	**(125,422)**	**(125,422)**	(100,700)	(100,700)	(110,039)	(110,039)
Interest rate swaps, forward contracts and fuel hedges	**(855)**	**(855)**	(34)	(34)	332	332
Contingent consideration	**(1,800)**	**(1,800)**	(2,420)	(2,420)	(1,800)	(1,800)
Financial instrument assets and liabilities – net	**(27,608)**		(69,878)		(51,383)	
Non-financial instrument assets and liabilities – net	**347,714**		345,657		339,231	
	320,106		275,779		287,848	

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 3 basis, all use level 2 valuation techniques. There have been no movements between levels 1,2 and 3 during the period for any financial instruments.

(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.

(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 1 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

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.

(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).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2021				
Derivative financial liabilities	**-**	**(855)**	**-**	**-**
30 June 2020				
Derivative financial liabilities	-	(34)	-	(34)
31 December 2020				
Derivative financial assets	-	332	-	332

16. Principal risks and uncertainties

Risk management is the responsibility of the 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 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.

The COVID-19 pandemic continues to have implications for the business and the nature and extent of its ongoing impact remains under constant review. The following bullet points summarise the key current risks for the Group. In each case, detailed, dynamic plans have been introduced which involve specific risk assessments and carefully designed new operating procedures. Mitigating controls continue to be reviewed as appropriate and additional scenario planning is regularly undertaken.

- Health and safety – to ensure the safety and wellbeing of all employees and other stakeholders. The Group has used frequent and consistent messaging with mental and physical health prioritised for all employees and stakeholders. The Group has maintained its established COVID-19 workplace protocols, despite the recent changes in Government guidelines.
- Information technology and cyber security – to ensure the continuity of business during the COVID-19 restrictions. Cyber risk has increased during the COVID-19 period and we continue to use external specialists to undertake detailed reviews in order to support our ongoing monitoring. Practical support and guidance together with additional cyber security training have been provided to facilitate home working and this has remained a priority as the focus has shifted to the planning for a return to a more "business as usual" environment.
- Security of raw materials supply and other procurement risks – to ensure that production and distribution can continue to meet the increased levels of demand. Reduced raw material availability has led to increased costs but the aim has been to build in flexibility so that the business can respond to increasing demand and changing external circumstances. Despite a shortage of HGV drivers in the sector, the Group continues to ensure that the vehicle fleet can continue to operate safely and effectively.
- 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 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 and the detailed project planning that will be required to meet the emission reduction targets approved by the Science Based Targets initiative.

The other principal risks and uncertainties that could impact the business for the remainder of the current financial year are those detailed on pages 24 to 31 of the 2020 Annual Report. These cover the strategic, financial and operational risks and have not changed significantly during the period. As trading has progressively improved, the risk profile of certain risks, such as bank funding and liquidity, has reduced.

Strategic risks include those relating to the ongoing Government policy in relation to COVID-19, general economic conditions, the actions of customers, suppliers and competitors, and weather conditions. Cyber security risk within the wider market is also an increasing risk for the Group and continues to be an area of major focus. The Group also continues to be subject to various financial risks in relation to access to funding and 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 operational risks other than COVID-19 include the effect of legislation or other regulatory actions, the actions of competitors, raw material prices and threats from cyber security 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 Directors who held office at the date of approval of these Financial Statements confirm that 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; and
- the Half Year Management Report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the half year ended 30 June 2021 and their impact on the Condensed Consolidated Half Year Financial Statements, and a description of the principal risks and uncertainties for the remaining second half of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the half year ended 30 June 2021 and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Board
The Directors serving during the half year ended 30 June 2021 were as follows:

Vanda Murray OBE	Chair of the Board
Janet Ashdown	Senior Non-Executive Director (retired 12 May 2021)
Angela Bromfield	Non-Executive Director
Jack Clarke	Group Finance Director (retired 1 April 2021)
Martyn Coffey	Chief Executive
Avis Darzins	Non-Executive Director (appointed 1 June 2021)
Justin Lockwood	Chief Financial Officer (appointed 26 July 2021)
Tim Pile	Non-Executive Director
Graham Prothero	Senior Non-Executive Director

The responsibilities of the Directors during their period of service were as set out on pages 92 and 93 of the 2020 Annual Report.

By order of the Board

Shiv Sibal
Group Company Secretary
19 August 2021

Cautionary statement
This Half Year 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 Report should be construed as a profit forecast.

Directors' liability
Neither the Company nor the Directors accept any liability to any person in relation to this Half Year Report except to the extent that such liability could arise 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 Markets Act 2000.

Independent Review Report to Marshalls plc

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 2021 which comprises the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related Notes 1 to 16. We have read the other information contained in the Half Year Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Financial Statements. This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Financial Reporting Council. 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.

Directors' responsibilities

The Half Year Financial Report is the responsibility of, and has been approved by, 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. As disclosed in Note 1, the Annual Financial Statements of the Group will be prepared in accordance with IFRSs as adopted by the UK. The condensed set of Financial Statements included in this Half Year Financial Report has been prepared in accordance with International Accounting Standard 34 *"Interim Financial Reporting*" as contained in UK adopted IFRS.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the Half Year Financial Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 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. 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 significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as contained in UK adopted IFRS and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
19 August 2021

Shareholder Information

Financial calendar

Half year results for the year ending December 2021	Announced 19 August 2021
Results for the year ending December 2021	Announcement March 2022
Report and accounts for the year ending December 2021	April 2022
Annual General Meeting	May 2022
Final dividend for the year ending December 2021	Payable July 2022

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.