Interim Results
7 August 2024
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Ibstock Plc

Interim results for the six months ended 30 June 2024

Continued strategic progress; well-placed for the market recovery

Ibstock Plc ("Ibstock" or the "Group"), a leading UK manufacturer of a diverse range of building products and solutions, announces results for the six months ended 30 June 2024.

Statutory Results

Six months ended 30 June	2024	2023	∆ 1Y	% change
Revenue	£178m	£223m	(£45)m	(20)%
Profit before taxation	£12m	£30m	(£18)m	(60)%
EPS	2.2p	5.7p	(3.5)p	(61)%
Interim dividend per share	1.5p	3.4p	1.9p	(56)%

Adjusted Results[1]

Six months ended 30 June	2024	2023	∆ 1Y	% change
Adjusted EBITDA	£38m	£63m	(£25)m	(40)%
Adjusted EBITDA margin	21.2%	28.2%	(700)bps	(25)%
Adjusted EPS	3.5p	9.0p	(5.5)p	(61)%
Adjusted free cashflow	(£15)m	£(22)m	+£7m	+28%
ROCE	8.0%	19.6%	(11.6)ppts	(59)%
Net debt	£138m	£89m	£49m higher	(55)%

Solid financial performance

- Solid first half performance against the backdrop of continued challenging market conditions, with adjusted EBITDA[1] for the period in line with our expectations
- Revenues reduced by 20% to £178 million (2023: £223 million) principally resulting from lower sales volumes across the core business. Sales volumes reflected lower market demand and our disciplined approach to pricing, compounded by exceptionally wet weather in the early part of the period
- Statutory profit before tax of £12 million (2023: £30 million) principally reflected lower operating profit compared to the comparative period

- Adjusted EBITDA[1] was £38 million (2023: £63 million) reflecting lower sales volumes and the impact of the additional fixed cost carried during the period to preserve productive capacity. The prior period saw a £10 million benefit from the absorption of fixed costs into finished goods inventories
- Major capital investment projects now close to completion, with capacity in place for the market recovery
- Maintained focus on cash management, with tight control of capital expenditure, costs and working capital. Net debt[1] at 30 June 2024 was £138 million (June 2023: £89 million), representing leverage of 2.0x (2023: 0.7x)
- Interim dividend of 1.5p per share (2023: 3.4p)

Continued strong cost focus, while preserving capability

- In light of weaker market demand, the Group continued to manage costs effectively in the period to protect in-year performance, achieving a run-rate fixed cost reduction benefit during the first half in excess of the £20 million per annum target announced in March 2024
- These incremental actions will not compromise our ability to build back capacity quickly as markets recover
- Having managed the balance sheet effectively through this period of market weakness, the strong cash generation profile of the business will provide additional scope for investment in opportunities to accelerate performance as conditions improve.

Further strategic progress as we continue to invest in our future growth

- The fundamental drivers underpinning medium-term demand in our markets remain firmly in place, and we are building new capabilities in both conventional and diversified markets
- Recent investments at Aldridge and Parkhouse brick factories now delivering efficient, sustainable capacity
- Commissioning of new Atlas brick factory well advanced. Once operating at full capacity, our upgraded clay factory network will be capable of operating at roughly double the levels of brick output produced over the last 12 months
- Continued development of Ibstock Futures, with first phase of brick slip investment at Nostell, West Yorkshire now largely complete

Current trading and outlook

- The new government's focus on accelerating the delivery of new housing and infrastructure is expected to form a more positive backdrop for housing industry supply chains and effective demand over the medium term
- We are encouraged by signs of an improving trend in sector lead indicators. Whilst we remain cautious about the extent to which this will translate into improvements in market demand during the latter part of the year, we expect adjusted EBITDA for the second half of the 2024 year to be broadly in line with the comparative period in 2023[2]

- The Group remains focused on taking action to respond to prevailing market conditions and we will continue to manage our cost position carefully, balancing stock levels with further investments in cost and capacity to match market demand
- We expect second half cash flow to be positive, with reported leverage reducing from 2.0x at 30 June 2024 towards the top end of our target range (of 0.5 times to 1.5 times) by year end. Given the inherently cash generative nature of our business, we would expect reported leverage to revert to within our target range thereafter.
- The Group continues to build a strong position in diversified construction markets through Ibstock Futures, and will bring to market the first brick slips from our Nostell factory during the second half of this year, with the larger automated slip systems factory on track to commission by the end of 2025

- With lower cost, efficient and more sustainable capacity in place in the core business, and with inventory levels rebuilt, the Group is well positioned to serve customers and respond to an increase in activity as market conditions improve.

Joe Hudson, Chief Executive Officer, commented:

"Market conditions remained challenging in the first half, as expected, with sales volumes below those reported in the comparative period. We delivered a solid profit performance for the period which reflected our ongoing focus on the active management of cost and margin.

"Lead indicators point to an improving sector picture, and although we are taking a cautious view of the extent to which this will translate into a demand improvement in the balance of the year, we expect adjusted EBITDA for the second half of the 2024 year to be broadly in line with the comparative period in 2023.

"The new government's commitment to increasing the supply of new homes creates a more positive backdrop for medium term demand, and the Group remains well-positioned for market recovery. Our investments over the last few years have added high quality, lower cost, efficient and more sustainable capacity to our network and developed new capabilities for the group in diversified construction markets, while also creating a leaner, more customer-focused business. We believe this will be a powerful combination as market conditions improve.

"The fundamental drivers underpinning demand in our markets are firmly in place and our prospects remain strong, underpinned by our robust balance sheet."

Results presentation

Ibstock is holding a presentation at 10.30 BST today at UBS, 5 Broadgate, London EC2M 2QS.

Please contact ibstock@citigatedewerogerson.com to register your in-person attendance.

A live webcast of the presentation and Q&A is also available. Please register here for the live webcast.

The presentation can also be heard via a conference call, where there will be the opportunity to ask questions.

Conference Call Dial-In Details:	UK-Wide: +44 (0) 33 0551 0200 UK Toll Free: 0808 109 0700 US +1 786 697 3501
Confirmation code:	please quote Ibstock Results when prompted

An archived version of today's webcast analyst presentation will be available on www.ibstock.co.uk later today.

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About Ibstock Plc

Ibstock Plc is a leading UK manufacturer of a diverse range of building products and solutions. The Group concentrates on eight core product categories, each backed up by design and technical services capabilities:

- Bricks and Masonry, Façade Systems, Roofing, Flooring and Lintels, Staircase and Lift Shafts, Fencing and Landscaping, Retaining Walls and Rail and Infrastructure.

The Group comprises two core business divisions, Ibstock Clay and Ibstock Concrete. The Ibstock Futures business was established in 2021 to accelerate growth in new, fast developing segments of the UK construction market and, while it remains in its initial growth phase, forms part of the Clay division.

Ibstock Clay: The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 14 manufacturing sites, Ibstock Clay has the largest brick production capacity in the UK. It operates a network of 14 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and prefabricated component building solutions, operating from 4 sites.

Ibstock Concrete: A leading manufacturer of concrete roofing, walling, flooring and fencing products, along with lintels and rail & infrastructure products. The concrete division operates from 13 manufacturing sites across the UK.

Ibstock Futures: Complements the core business divisions by accelerating diversified growth opportunities which address key construction trends, including sustainability and the shift towards Modern Methods of Construction (MMC). Operating from an innovation hub in the West Midlands, and the Nostell redevelopment in West Yorkshire.

Ibstock is headquartered in the village of Ibstock, Leicestershire, with 33 active manufacturing sites across the UK.

As a leading building products manufacturer, the Group is committed to the highest levels of corporate responsibility. The Group's ESG 2030 Strategy sets out a clear path to address climate change, improve lives and manufacture materials for life, with an ambitious commitment to reduce carbon emissions by 40% by 2030 and become a net zero operation by 2040.

Further information can be found at www.ibstock.co.uk

Forward-looking statements

This announcement contains "forward-looking statements". These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the directors. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and outside of the Group's ability to control. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Group undertakes no obligation to update or revise publicly any forward-looking statements.

[1]Alternative performance measures are described in Note 3 to the interim financial statements.

[2]The Group reported Adjusted EBITDA of £44 million for the 6 months ended 31 December 2023

Chief Executive's Review

Introduction

The Group delivered a solid adjusted EBITDA[1] performance for the first half, in what remained a challenging market. In the face of a more competitive environment in some areas of the market, the Group retained a disciplined approach to pricing in the service of protecting margins. We continue to believe that, as market conditions normalise, this approach will allow the Group to achieve targeted levels of market volumes, whilst supporting our margin and returns targets.

Despite these difficult market conditions, adjusted EBITDA[1] was in line with our expectations, reflecting continued active management of costs and strong commercial execution.

The Group's restructuring programme undertaken during latter part of the 2023 year resulted in the permanent closure of two clay brick factories at Ravenhead and South Holmwood. The programme also identified temporary actions, whereby certain other brick factories were expected to be inactive for a meaningful proportion of the 2024 year.

With overall market demand during the first half of 2024 having been around 10% below the prior year period, we now anticipate a modest reduction in full year 2024 market volumes compared to the prior year. In light of the weaker volume backdrop, the Group has taken additional temporary action to flex down the output at other factories, delivering further cost savings relative to the levels anticipated at the beginning of the 2024 year.

While taking these measures to protect in-year performance, we have been focused on preserving key skills and knowledge to ensure that the Group retains the ability to build back quickly when markets recover.

As we continued to manage costs tightly, taking action where necessary to respond to market conditions, we also continued to make good progress with the investment projects that will underpin our future growth. Our investments in new low cost, efficient and more sustainable brick manufacturing capacity at our Atlas facility, and the first phase of a significant capacity expansion in the fast-growing brick slips market at our Nostell site, are both now substantially complete. Production at both factories will ramp up over the course of the second half, with volumes managed according to prevailing market conditions. This new capacity will support our medium-term growth objectives as markets recover.

I am also pleased to report that we maintained momentum with the strategic initiatives that will create a leaner, more customer-focused and sustainable business for the future. Notable progress in the period included the integration of a centralised commercial and innovation team, further steps towards our ambitious 2030 ESG targets and our continuing cultural transformation.

The Group retains a robust balance sheet, providing both resilience and optionality in respect of future growth investments.

The Board has recommended an interim dividend of 1.5p per share (2023: 3.4p). The interim dividend has been set with reference to our capital allocation policy, which targets full year cover of approximately two times through the cycle.

Financial Performance

Revenue was 20% lower at £178 million (2023: £223 million) (or 22% lower on a LFL basis, adjusting for the acquisition of Coltman in late 2023), principally reflecting lower sales volumes across the core business. Sales volumes reflected lower market demand and our disciplined approach to pricing, compounded by the impact of exceptionally wet weather in the first quarter.

A modest reduction in selling prices in the period was offset by reduced variable manufacturing costs, both from procurement savings and a reduction in unit energy costs.

In light of weaker market demand, the Group also continued to manage fixed costs proactively in the period to protect in-year performance, achieving a run-rate fixed cost reduction benefit during the first half in excess of the £20 million per annum target announced in March 2024. These incremental actions (which included flexing production, hiring freezes and further discretionary cost reductions/deferrals) will not compromise our ability to build back quickly as markets recover, with the Group continuing to carry an element of fixed cost at inactive sites during the period to preserve productive capacity for the recovery.

Adjusted EBITDA[1] was £38 million (2023: £63 million) reflecting the lower sales volumes and the impact of additional fixed cost carried during the period at inactive sites to preserve productive capacity for the market recovery. The prior year period saw a £10 million benefit from the absorption of fixed costs into finished goods inventories.

The Adjusted EBITDA margin[1] reduced to 21.2% (2023: 28.2%). Adjusted earnings per share of 3.5 pence (2023: 9.0 pence) reflected lower operating profit and a modest increase in the underlying effective tax rate, which was in line with the guidance on taxation given at the start of the year.

Profit before tax of £12 million (2023: £30 million), reflected a lower trading performance and an exceptional cost[1] of £3 million (2023: cost of £11 million) relating to site closure activities.

The Group's balance sheet remains robust, with closing net debt[1] of £138 million at 30 June 2024 (2023: £89 million) representing leverage of 2.0x adjusted EBITDA[1] (2023: 0.7x). The period end position was in line with our expectations, and reflected a strong focus on cash management, with tight control of capital expenditure, costs and working capital across the period. The increase in net debt during the period reflected the anticipated seasonal working capital build along with the Group's continued investment in organic growth projects, which are now nearing completion.

Second half cash flow is expected to be positive, with reported leverage reducing by year end towards the top end of our target range (0.5 to 1.5 times). Given the inherently cash generative nature of our business, we would expect leverage to revert to within our target range thereafter.

Divisional Review

Ibstock Clay

The Clay Division delivered a solid performance, despite a material reduction in sales volumes, as it benefited from strong cost management and robust commercial discipline, as well as agile operational performance.

Revenues in the Clay Division reduced by 26% to £119 million (2023: £162 million) driven principally by a reduction in volumes, as the Group took a disciplined approach to pricing in the service of protecting adjusted EBITDA margins[1]. Overall, average selling prices reduced modestly compared to the comparative period, partly reflecting changes in channel and product mix.

Overall, we believe the UK brick market reduced by around 10% during the first half of the 2024 year compared to the comparative period in 2023. Volumes of clay bricks imported into the UK market were down by around 15% compared to the comparative period, as they continued to reduce at a faster rate than domestic shipments.

Adjusted EBITDA[1] reduced by 40% to £34 million (2023: £57 million), reflecting the significant reduction in sales volumes, partly mitigated through unit variable cost reductions and continued decisive action to reduce fixed costs.

Adjusted EBITDA margin[1] in the clay segment remained robust at 28.6% (2023: 35.5%) despite the material reduction in sales volumes and a benefit of £8 million in the prior year period from the absorption of fixed costs into inventory.

Ibstock Futures

We continued to make solid progress in building our Ibstock Futures business, although activity across the key product lines was below the prior year, reflecting the trend observed more broadly across construction markets. We continued to build a strong platform for future growth, with our organic investments in brick slip capacity at Nostell, West Yorkshire, progressing to plan.

Futures delivered a profit performance modestly below the comparative period, with revenues, which are reported in the Clay segment, totalling £4 million (2023: £6 million), and an overall net cost (including research and development expenditure) of £3 million (2023: £2 million).

During the period we appointed a new Managing Director of Futures, who brings experience of the sector and strong MMC market knowledge into the business.

We continue to see a strong pipeline of opportunities to grow Futures, both organically and by acquisition, as we expand and diversify our product offering over the medium term to support the growth of MMC in the UK.

Ibstock Concrete

While the breadth of the Concrete Division's end-market exposure helped to mitigate the impact of the subdued trading conditions, its results for the period reflected weaker residential and rail market volumes. Revenue reduced by 4% year-on-year to £59 million (2023: £61 million), or 12% on a LFL basis, excluding the impact of Coltman Precast which was acquired during the final quarter of 2023.

The division experienced a reduction in residential new build sales volumes in line with the wider market, although RMI performance was stronger, supported by firmer fencing volumes. Infrastructure sales volumes were materially lower, with rail activity subdued as Network Rail transitioned to Control Period 7, the next five year period of its network delivery plan, during the first half of 2024.

The integration of Coltman, the precast flooring business, has progressed well, and in line with our expectations. Coltman contributed revenues of £5 million in the first half, with an adjusted EBITDA margin[1] of around 5%, after certain one-off integration costs which are not expected to recur in 2025.

Adjusted EBITDA[1] for the Concrete Division was £8 million, down 31% year on year (2023: £11 million).

Overall, the division achieved adjusted EBITDA margins[1] of 12.7% (2023: 17.9%) as more resilient RMI volumes and strong cost management were more than offset by the impact of lower new build residential and rail volumes. The division also benefited from the absorption of around £2 million of fixed costs into inventory in the comparative period.

Major projects

The fundamental drivers underpinning medium-term demand in our markets remain firmly in place. In 2021 the Group commenced two major growth investment projects to capitalise on the attractive fundamentals, across both its core and new, diversified markets. These capital investments are now close to completion, with high quality, lower-cost capacity in place which will allow the Group to benefit from market recovery.

Core clay investments in capacity at Atlas and Aldridge

Commissioning of our new Atlas factory in the West Midlands is now well advanced. Atlas will produce the UK's first externally verified carbon neutral brick and, when operating at full capacity, will increase annual network capacity by over 100 million bricks to support the Group's long-term growth objectives. The market launch of the UK's first carbon-neutral brick is an exciting development for the Clay Division and we look forward to shipping the first volumes of this innovative new product during the second half of the 2024 year.

Work to upgrade the dryers and packaging equipment in the adjacent Aldridge factory was completed during the second half of 2023 and we are already seeing significant improvements in efficiency and reductions in energy use at the site.

Production at both factories will ramp up over the course of the second half, with volumes managed according to prevailing market conditions.

Diversified growth investments in brick slip capacity at Nostell, Yorkshire

Commissioning of the new automated brick slips cutting line at Nostell, West Yorkshire is now almost complete and customer deliveries will commence shortly. The new line provides a significant domestic supply of brick slips to the UK market for the first time and will deliver up to 17 million slips per annum when operating at full capacity. Customer reaction to this new high-quality source of domestic supply has been very positive, and this investment represents our first step towards building a scale leadership position in this fast-growing product category.

Phase two of the Nostell redevelopment, the construction of a larger brick slip systems factory with an initial capacity of a further 30 million slips per annum, is progressing in line with our expectations. This project is on track to commission by the end of the 2025 year.

Strategic update

Our operational strategy is centred on three strategic pillars of Sustain, Innovate and Grow, with our ambitious ESG commitments embedded across all three. An update on progress is set out below.

Sustain

As a scale industrial business, sustainable high performance is at the heart of what we do, with activity focused on three priority areas: health, safety and wellbeing; operational excellence; and environmental performance.

Health, safety and wellbeing

The Group remains committed to driving a step change in health, safety and wellbeing for all colleagues, with a significant improvement in performance being driven by a refreshed "leadership in action" programme and annual total incident frequency rate (TIFR) targets. For 2024, we are targeting a 20% reduction in TIFR and our performance in the year to date is on track to meet this objective, following the introduction of a programme of daily risk reduction measures across the Group's operations.

Operational excellence

We have invested significant capital over the last five years in enhancing the reliability and performance of our factory networks. Despite a reduction in production volumes during the period, the optimised factory footprint continued to benefit from this asset enhancement programme which has delivered both operational efficiencies and an improved environmental performance. Specific factory improvement projects such as the major kiln rebuild at the Parkhouse brick factory and the automation of our walling stone factory at Anstone, near Sheffield, have strengthened our ability to build back capacity quickly as demand recovers.

Environmental performance

Having established our high level carbon transition plan to 2030, including the impact of key investment projects and a continued operational enhancement programme across the factory estate, we remain on track to deliver our 2030 target. A five year Carbon Transition Plan is under development through detailed planning at factory level, which will be fully costed and integrated into operational plans in the months ahead.

Following successful trials on alternative fuel usage (synthetic gas & hydrogen), we continued to complete further research and progress conversations with potential commercial partners during the period.

<u>Innovate</u>

Product Innovation

As market leader in clay and concrete products, we have the broadest range of building products and solutions available in the UK, and we continue to invest to enhance our customer offer. In 2023 the Group created a single centralised Product, Innovation and Quality function to strengthen and accelerate its innovation, research and new product development pipeline. We began to see some early benefits from this new approach during the first half, with strong progress made on the development of new thin brick products, and lower carbon rail and fencing products.

With the commissioning of our new Atlas factory, during the second half of the year we are also launching an exciting range of new bricks, including the UK’s first carbon neutral bricks.

Customer Experience

The unified “One Ibstock” brand identity and new commercial team structure launched in 2023 continued to embed across the Group during the first half, resulting in a broader range of products being offered to customers and an increase in solution selling opportunities. We firmly believe the unrivalled diversity of our building products offering will increasingly provide us with a source of competitive advantage as we actively focus on a deeper understanding of customer needs to build long term strategic partnerships.

Digital Transformation

The digitisation of our business is a key strategic enabler as we begin to drive an increasing proportion of our sales activities through digital channels. During the period we initiated an investment in an enhanced data platform, to improve the speed and quality of performance and market insights. We expect to deliver this enhanced platform over the next 12 months.

<u>Grow</u>

Grow the core business

With work to upgrade production equipment at our Aldridge factory completed towards the end of 2023, there has been both improvement in production yield and reduction in carbon emissions at the site during the first half.

Our redeveloped Atlas 'pathfinder' factory is at advanced commissioning stage and on track to ramp up production during the second half. Atlas will produce our lowest embodied carbon bricks, with around 50% lower carbon than the previous factory. The factory will also produce our first ever Carbon Neutral® certified bricks as part of its range and we are excited about making our first deliveries of this innovative new product later this year, as we support our customers on their own emission reduction journeys.

Grow through diversification

Ibstock Futures made good operational and strategic progress during the year as it continued to build its capabilities in new, fast-growth areas of the UK construction market.

Phase one of the Nostell brick slips factory investment is nearing completion, with commissioning of the new automated brick slips cutting line now almost complete. The new line uses some first of its kind technology in the UK to drive automation and enable the supply of domestically manufactured brick slips at pace and scale. This represents a first significant step towards building a significant leadership position in this fast-growing product category. Phase two of the project - the construction of a larger brick slip systems factory – is progressing to plan, as discussed above.

Discussions with potential partners on the commercialisation of our owned clay reserves for the manufacture of calcined clay continued to progress well.

Culture and capability

We are passionate about establishing culture as a key point of difference across our organisation and, notwithstanding the current challenging market conditions and the imperative of strong cost management, the Group continued to focus on developing its culture and preserving productive capability during the period. Notable achievements in the period included the continued growth of our early careers and skills agenda, which drove big increases in the breadth of our apprentice roles and the diversity of hires, along with the second phase of a successful talent development programme.

Conviction in the Group's medium-term prospects

The Group's confidence in its medium-term prospects is underpinned by an expectation of a return to normalised conditions within its core markets combined with the incremental returns generated from our significant capital investment programme.

Total UK brick market volumes for the 12 months to June 2024 totalled 1.6 billion, down by over 35% from the level of 2.5 billion achieved in the 2022 calendar year. Against this backdrop, we have taken decisive action to manage capacity and cost, to ensure that performance is protected, and factory output managed according to market demand. However, given the structural undersupply of new build housing, and the stated political intention to substantially increase levels of residential construction, we have a strong conviction in the full recovery of our markets over the years ahead.

Having made significant investment over recent years, we now have a lower cost, efficient and more sustainable network available to serve the market as conditions improve. Once at full capacity, our upgraded clay factory network will be capable of operating at roughly double the levels of brick output produced over the last 12 months.

Whilst we are taking a cautious view around the extent of market recovery in the balance of the 2024 year, given the strength and scale of our business, and our conviction in the fundamentals of our markets, we remain confident in achieving our stated medium-term financial targets.

Outlook for 2024

Whilst we are encouraged by signs of an improving trend in sector lead indicators, we remain cautious about the extent to which this will translate to improvements in market demand during the latter part of the year.

With overall market demand during the first half of 2024 having been around 10% below the prior year period, we now anticipate a modest reduction in full year 2024 market volumes compared to the prior year and expect adjusted EBITDA for the second half of the 2024 year to be broadly in line with the comparative period in 2023.

The Group remains focused on taking action to respond to prevailing market conditions and we will continue to manage our cost position carefully, balancing stock levels with further investments in cost and capacity to match market demand.

The new government's focus on accelerating the delivery of new housing and infrastructure is expected to form a more positive backdrop for housing industry supply chains and effective demand over the medium term.

The Group continues to build a significant position in diversified construction markets through Ibstock Futures and will bring to market the first brick slips from our Nostell factory during the second half of this year, with the larger automated slip systems factory scheduled to commission by the end of 2025.

Ibstock's prospects remain strong, underpinned by our robust balance sheet and well invested manufacturing network. With low cost, efficient and more sustainable capacity in place in the core business, and with inventory levels rebuilt, the Group is well positioned to serve customers and respond to an increase in activity as market conditions improve.

[1]Alternative performance measures are described in Note 3 to the interim financial statements.

Chief Financial Officer's report

Introduction

The Group delivered a solid financial performance in the first half of 2024, against a market backdrop which continued to be challenging. The effective management of plant capacity, combined with active management of cost and strong commercial execution, ensured that adjusted EBITDA[1] was in line with our expectations.

With continued strong progress against our strategic investment plans, we deployed around £24 million of capital investment (2023: £33 million) to drive future growth in both core and diversified construction markets. Having managed our balance sheet effectively through the recent market weakness, the cash generation profile of the business is expected to provide additional scope for investment in opportunities to accelerate performance as conditions improve.

Climate Change & TCFD

As a long-term business, a commitment to environmental sustainability and social progress is central to our purpose. We have invested significant capital over the last decade, with investment projects across the Group's plant network contributing to a material reduction in the carbon intensity of our manufacturing processes. Our ESG strategy and targets announced in 2021 provide a pathway to reduce carbon emissions by 40% by 2030, from a 2019 baseline, and be net zero carbon by 2040. We continue to actively monitor the transitional and physical risks and opportunities of climate change through our risk management process and ESG governance framework.

Alternative performance measures

This results statement contains alternative performance measures ("APMs") to aid comparability and further understanding of the financial performance of the Group between periods. A description of each APM is included in Note 3 to the financial statements. The APMs represent measures used by management and the Board to monitor performance against budget, and certain APMs are used in the remuneration of management and Executive Directors. It is not believed that APMs are a substitute for, or superior to, statutory measures.

Group results

The table below sets out segmental revenue, profit/(loss) before tax and adjusted EBITDA[1] for the period

	Clay[2]	Concrete	Central costs	Total
	£'m	£'m	£'m	£'m
Six-month period ended 30 June 2024				
Total revenue	**119.4**	**58.8**	**-**	**178.2**
Adjusted EBITDA[1]	**34.2**	**7.5**	**(4.0)**	**37.7**
Margin	***28.6%***	***12.7%***		***21.2%***
Profit/(loss) before tax	***15.9***	***1.9***	***(6.0)***	***11.8***
Six-month period ended 30 June 2023				
Total revenue	**161.7**	**61.1**	**-**	**222.7**
Adjusted EBITDA[1]	**57.4**	**10.9**	**(5.5)**	**62.9**
Margin	***35.5%***	***17.9%***		***28.2%***
Profit/(loss) before tax	**31.5**	**5.5**	**(7.2)**	**29.9**

[1] Alternative Performance Measures are described in Note 3 to the results announcement

[2] Clay segment incorporates Futures business performance, and excludes exceptional cost[1] of £3.1 million (2023: £10.7 million)
Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely align to the reported figures

Revenue

Group revenue for the six months ended 30 June 2024 decreased by 20% to £178.2 million (2023: £222.7 million) driven by a significant reduction in market demand and our disciplined approach to pricing, compounded by exceptionally wet weather early in the period. In the face of a more competitive pricing environment in certain parts of the market, we retained a disciplined approach to pricing, in the service of protecting margins.

In our Clay division, revenues of £119.4 million represented a decrease of 26% on the prior year period (2023: £161.7 million), resulting from materially lower market demand and our disciplined approach to pricing. Average prices in the clay division reduced modestly, in part reflecting the impact of changes in channel and product mix. Our Futures business contributed around £3.9 million of revenue (2023: £5.8 million).

In our Concrete division, reported revenue decreased by 4% year-on-year to £58.8 million (2023: £61.1 million), or 12% on a like for like basis, with our new acquisition, Coltman Precast, contributing £5.1 million of revenue in the period (2023: £nil). On a like-for-like basis, the reduction in revenue reflected reduced market demand in our new build residential product categories and lower rail volumes. These impacts were partly mitigated by stronger RMI landscaping volumes, particularly within fencing.

Adjusted EBITDA[1]

Management measures the Group's operating performance using adjusted EBITDA[1]. Adjusted EBITDA[1] decreased by 40% year on year to £37.7 million in 2023 (2023: £62.9 million). Performance reflected the impact of lower sales volumes and additional fixed cost carried during the period at inactive sites to preserve productive capacity for the market recovery. The prior year period saw a £10 million benefit from the absorption of fixed costs into finished goods inventories.

In light of weaker market demand, the Group continued to manage costs effectively, achieving a run rate cost reduction benefit during the first half in excess of the £20 million per annum announced in March 2024.

Within the Clay division, adjusted EBITDA[1] totalled £34.2 million (2023: £57.4 million), representing an adjusted EBITDA margin[1] of 28.6% (2022: 35.5%). In the core clay business, a reduction in average selling prices was offset by lower unit variable costs, meaning that the contribution margin percentage remained in line with the comparative period. Good fixed cost management also enabled the division to exceed its targeted savings following the Group's restructuring programme undertaken in the second half of the 2023 year.

The clay division recognised a net cost of £3.3 million (2023: cost of £2.0 million) in respect of Ibstock Futures, reflecting the trend observed more broadly across construction markets. This cost continued to include a significant level of expenditure in research and development as we invest ahead of revenue in green energy solutions, calcined clay and other diversified growth opportunities.

Within our Concrete division, adjusted EBITDA[1] decreased to £7.5 million (2023: £10.9 million), as the division was impacted by materially lower sales volumes in our new build residential and rail product categories. The division benefited from the absorption of around £2 million of fixed costs into inventory in the comparative period. The adjusted EBITDA margin[1] of 12.7% in concrete was below the 2023 level of 17.9%, as strong cost management partly mitigated the impact of lower volumes and the effect of weaker mix (as rail and infrastructure volumes reduced as a percentage of total divisional activity).

Central costs decreased to £4.0 million (2023: £5.5 million) principally reflecting reduced employment and variable remuneration costs.

Looking forwards, the Group remains focused on tightly managing cost to mitigate the impact of the current softer market backdrop.

Adjusted EBIT[1]

In order to focus on a more comprehensive measure of operating performance, and in line with a key remuneration measure for senior management, the Group has also started to measure and report the Group's performance using adjusted EBIT[1]. Adjusted EBIT[1] is defined as adjusted EBITDA[1] less underlying depreciation and amortisation.

For the six months to 30 June 2024, adjusted EBIT[1] reduced to £23.1 million (2023: £48.9 million) reflecting reduced trading profits and a modest increase in underlying depreciation and amortisation to £14.6 million (2023: £14.0 million) as the Group started to depreciate its Aldridge and Parkhouse investments and recognised a full period of the Futures innovation hub lease cost.

Exceptional items[1]

Based on the application of our accounting policy for exceptional items[1], certain income and expense items have been excluded in arriving at adjusted EBITDA[1] to aid shareholders' understanding of the Group's underlying financial performance.

The amounts classified as exceptional[1] in the period totalled a net cost of £3.2 million (2023: £10.7 million cost), associated with the Group's restructuring programme announced in the prior year. The charge in the current period related to decommissioning activities and other costs associated with closed sites. The Group continues to expect to recognise exceptional costs of around £5 million in this regard in the 2024 year as a whole.

Further details of exceptional items[1] are set out in Note 5 of the financial statements.

Finance costs

Net finance costs of £2.7 million were above the level of the prior year (2023: £2.2 million). This reflected an increased interest cost on our bank borrowings as the average borrowing on our £125 million Revolving Credit Facility (RCF) increased over the comparative period.

Profit before taxation

Group statutory profit before taxation was £11.8 million (2023: £29.9 million), reflecting the lower trading performance, as well as an exceptional cost[1] of £3.2 million (2023: cost of £10.7 million) relating to site closure and decommissioning activities, as detailed above.

Taxation

The Group recorded a taxation charge of £3.2 million (2022: £7.5 million) on Group pre-tax profits of £11.8 million (2023: £29.9 million), resulting in an effective tax rate ("ETR") of 27.1% (2023: 25.0%) compared with the standard rate of UK corporation tax of 25.0% (2023: 23.5%).

The adjusted ETR[1] (excluding the impact of the deferred tax rate change and exceptional items) was 26.2% (2023: 24.3%).

The increase in ETR and adjusted ETR[1] from the prior year was due primarily to the full year impact of the change in the standard rate of UK corporation tax to 25% enacted in the 2023/24 tax year.

We continue to expect the adjusted ETR[1] for the 2024 year to be around 26%, in line with the rate reported in the first half.

Earnings per share

Group statutory basic earnings per share (EPS) decreased to 2.2 pence in the six months to 30 June 2023 (2023: 5.7 pence) primarily as a result of reduced trading performance in the period and an increase in the effective tax rate.

Group adjusted basic EPS[1] of 3.5 pence per share decreased from 9.0 pence last year, reflecting reduced adjusted EBIT[1] and an increase in the adjusted effective tax rate following an increase in the headline UK tax rate. In line with prior years, our adjusted EPS[1] metric removes the impact of exceptional items[1], the fair value uplifts resulting from our acquisition accounting and non-cash interest impacts, net of the related taxation charges/credits. Adjusted EPS[1] has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our adjusted EPS[1] measure is included in Note 7.

Table 1: Earnings per share

	2024 pence	**2023** pence
Statutory basic EPS – Continuing operations	**2.2**	**5.7**
Adjusted basic EPS[1] – Continuing operations	**3.5**	**9.0**

Cash flow and net debt[1]

Adjusted operating cash flow decreased by £2 million to £9.0 million (2023: £11.0 million), reflecting a decrease in adjusted EBITDA[1], mitigated by a lower working capital increase of £19.4 million (2023: increase of £39.5 million).

The working capital increase in the period reflected the typical seasonal build in the level of trade receivables. Inventories reduced modestly during the period as we tightly managed operational activity across the factory network, driving a significant favourable variance to the comparative period, as we built significant levels of finished goods inventories during the first six months of 2023.

Adjusted net interest paid in the six months to 30 June 2024 increased to £4.2 million (2023: £2.4 million), in line with our expectations. The increase compared to the comparative period reflected both an increase in average borrowings and a modest increase in interest rates on our floating rate debt.

Tax payments totalled £0.5 million (2023: £3.4 million) as we continued to benefit from the accelerated write down on qualifying capital expenditure.

Other cash outflows of £4.4 million (2023: £6.2 million outflow) principally comprised lease payments. The Group purchased no carbon emission credits in the period (2023: £1.3 million).

With Adjusted Operating Cash Flows[1] in the period decreasing marginally from the prior period, the cash conversion[1] percentage increased to 24% (from 18% in 2023), reflecting a reduced investment in working capital versus the prior period.

Adjusted free cash flow[1] in the period totalled an outflow of £15.5 million (2023: £21.6 million outflow). Capital expenditure of £24.4 million decreased by £8.3 million compared to the comparative period (2023: £32.7 million), as major project expenditure reduced, as anticipated, and sustaining capital continued to be tightly managed.

Capital expenditure comprised around £10 million of sustaining expenditure, £3 million on the Atlas and Aldridge redevelopments, £1 million at Anstone Concrete and around £10 million on the Slips programme.

For the full year, we continue to expect total capital expenditure of around £50 million with sustaining capital expenditure of around £20 million, and growth capital expenditure of £30 million.

Table 2: Cash flow (non-statutory)

	2024 **£'m**	**2023** **£'m**	Change £'m
Adjusted EBITDA[1]	37.7	62.9	(25.2)
Adjusted change in working capital[1]	(19.4)	(39.5)	20.1
Net interest	(4.2)	(2.4)	(1.8)
Tax	(0.5)	(3.4)	2.9
Post-employment benefits	-	(0.3)	0.3
Other[2]	(4.6)	(6.2)	1.6
Adjusted operating cash flow[1]	9.0	11.0	(2.0)
Cash conversion[1]	24%	18%	6ppts
Total capex	(24.4)	(32.7)	8.3
Adjusted free cash flow[1]	(15.5)	(21.6)	6.1

[1] Alternative Performance Measures are described in Note 3 to the consolidated financial statements.
[2] Other includes operating lease payments and emission allowance purchases in all years.

The table above excludes cash outflows relating to exceptional items[1] of £7.7 million in 2024 (2023: £ nil million) relating to the settlement of severance and certain decommissioning activities arising from our 2023 restructuring programme.

Net debt[1] (borrowings less cash) at 30 June 2024 totalled £137.8 million (31 December 2023: £100.6 million; 30 June 2023: £89.1 million). The movement during the period reflected the seasonal increase in working capital combined with £24.4 million of capital expenditure as the Group continued to invest in its growth projects.

We expect cash flows in the second half to be positive, with leverage on a reported basis (i.e. excluding the impact of IFRS 16) reducing by year end from 2.0 times closer to the top end of the target range (being 0.5 times to 1.5 times).

The Group's borrowings contain leverage covenants of no greater than 3.0x. Based on the covenant definition, leverage at 30 June 2024 totalled 1.7 times, comfortably below the covenant limit. At the balance sheet date, the Group had £80 million of undrawn committed facilities.

Adjusted return on capital employed[1]

Adjusted return on capital employed[1] (adjusted ROCE) decreased to 8.0% (2023: 19.6%) driven by reduced adjusted EBIT[1] on a higher level of capital employed. The increase in capital employed compared to the comparative period principally reflected the incremental investment in organic growth projects.

Capital allocation

The Group's capital allocation framework remains consistent with that laid out in 2020, with the Group committed to allocating capital in a disciplined and dynamic way.

Our capital allocation framework is set out below:

- Firstly, we will invest to maintain and enhance our existing asset base and operations;
- Having done this, we will look to pay an ordinary dividend. We are committed to paying dividends which are sustainable and progressive, with targeted cover of approximately 2 times underlying earnings through the cycle;
- Thereafter, we will deploy capital for growth, both inorganically and organically, in accordance with our strategic and financial investment criteria;
- And, finally, we will return surplus capital to shareholders.

Our framework remains underpinned by our commitment to maintaining a strong balance sheet, and we will look to maintain leverage at between 0.5 and 1.5 times net debt[1] to adjusted EBITDA[1] excluding the impact of IFRS 16, through the cycle.

Dividend

The Group has declared an interim dividend of 1.5p per share (2022: 3.4p), for payment on 13 September 2024 to shareholders on the register on 23 August 2024. The interim dividend has been set with reference to our capital allocation policy, which targets full year cover of approximately two times underlying earnings through the cycle.

Pensions

At 30 June 2024, the defined benefit pension scheme ("the scheme") was in an actuarial accounting surplus position of £8.8 million (31 December 2023: surplus of £9.8 million; 30 June 2023: surplus of £10.5 million). Applying the valuation principles set out in IAS19, at the half year end the scheme had asset levels of £341.4 million (31 December 2023: £373.7 million; 30 June 2023: £348.2 million) against scheme liabilities of £332.6 million (31 December 2023: £363.9 million; 30 June 2023: £337.7 million).

On 20 December 2022, the Scheme completed a full buy-in transaction with a specialist third-party provider. Together with the partial buy-in transaction completed with the same counterparty in 2020, this transaction insured the significant majority of the Group's defined benefit liabilities.

Related party transactions

Related party transactions are disclosed in Note 15 to the consolidated financial statements. During the current and prior year, there have been no material related party transactions.

Subsequent events

Except for the proposed interim ordinary dividend, no further subsequent events requiring either disclosure or adjustment to these financial statements have arisen since the balance sheet date.

Going concern

The Directors are required to assess whether it is reasonable to adopt the going concern basis in preparing the financial statements.

In arriving at their conclusion, the Directors have given due consideration to whether the funding and liquidity resources are sufficient to accommodate the principal risks and uncertainties faced by the Group.

Having considered the outputs from this work, the Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of signing these accounts.

Further information is provided in note 2 of the financial statements.

Principal Risks and Uncertainties

This section should be read in conjunction with the rest of this Half Year Statement as this provides further information concerning those important events that have occurred during the first six months of the financial year.

The Group's activities mean it is exposed to a variety of risks and uncertainties which could, either separately or in combination, have a material impact on the Group's performance and shareholder returns. These risks and uncertainties relate to: business continuity, regulatory and compliance, people and talent management, cyber and information security, health, safety and environment (HSE), economic conditions, financial risk management, maintaining customer relationships and market reputation, climate change, anticipating product demand and innovation and major project delivery.

The Board assesses and monitors the key risks impacting the business and an explanation of the Group's approach to risk management is set out in Ibstock Plc's Annual Report 2023, a copy of which is available on the Group's corporate website, www.ibstock.co.uk.

The Group continues to be exposed to unfavourable macro-economic conditions and a prolonged slow-down in UK residential construction markets. These areas impact a number of the Group's principal risks including economic conditions, anticipating product demand and innovation, maintaining customer relationships, people and talent management and financial risk management.

Having undertaken a comprehensive review during the first half of the 2024 year, the Board has concluded that the Group's existing principal risks and uncertainties remain unchanged from those set out in its 2023 Annual Report, and that there continue to be clear actions in place to appropriately mitigate these risks.

A full report on the Group's principal risks will be included with the FY 2024 annual report and accounts. The Board will continue to monitor the Group's principal risks during the remaining six months of the year, with a focus on economic conditions, anticipating product demand and innovation, maintaining customer relationships, people and talent management and financial risk management, alongside cyber security, major project delivery and HSE.

[1]Alternative performance measures are described in Note 3 to the interim financial statements.

Statement of directors' responsibilities in relation to the half-yearly financial report

The directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as contained in UK-adopted IFRS;
- The interim management report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R, namely:

  a) the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the issuer, or undertakings included in the consolidation;
  b) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  c) material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

By order of the Board:

Joe Hudson	Chris McLeish
Chief Executive Officer	Chief Financial Officer
6 August 2024	6 August 2024

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

	Notes	**Unaudited Half year ended 30/06/2024**	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
		£'000	£'000	£'000
Revenue	4	**178,189**	222,732	405,839
Cost of sales		**(126,833)**	(150,920)	(290,883)
Gross profit		**51,356**	**71,812**	**114,956**
Distribution costs		**(17,112)**	(19,734)	(36,797)
Administrative expenses		**(20,765)**	(23,278)	(47,623)
Total profit on disposal of property, plant and equipment		**11**	1,393	1,957
Other income		**1,157**	2,207	3,312
Other expenses		**(195)**	(345)	(774)
Operating profit		**14,452**	**32,055**	**35,031**
Finance costs		**(3,982)**	(3,007)	(5,932)
Finance income		**1,312**	827	968
Net finance cost		**(2,670)**	**(2,180)**	**(4,964)**
Profit before taxation		**11,782**	**29,875**	**30,067**
Taxation	6	**(3,193)**	(7,479)	(9,007)
Profit for the financial period		**8,589**	**22,396**	**21,060**
Profit attributable to:				
Owners of the parent		**8,589**	22,397	21,060
Non-controlling interest		**-**	(1)	-

	Notes	**pence per share**	pence per share	pence per share
Earnings per share				
Basic	7	**2.2**	5.7	5.4
Diluted	7	**2.2**	5.7	5.3

Non-GAAP measure

Reconciliation of adjusted EBIT and adjusted EBITDA to Operating profit for the financial period:

	Notes	**Unaudited Half year ended 30/06/2024**	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
		£000	**£000**	**£000**
Operating profit		**14,452**	32,055	35,031
Add back exceptional costs impacting operating profit	5	**3,226**	10,728	30,762
Add back incremental depreciation and amortisation following fair value uplift	4	**5,390**	6,091	12,126
Adjusted EBIT*		**23,068**	**48,874**	**77,919**
Add back depreciation and amortisation pre fair value uplift	4	**14,636**	13,991	29,438
Adjusted EBITDA*		**37,704**	**62,865**	**107,357**

*Alternative performance measures are described in Note 3 to the interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Unaudited** **Half year ended 30/06/2024**	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
		£'000	£'000	£'000
Profit for the financial period		**8,589**	22,396	21,060
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss				
Change in fair value of cash flow hedges	11	-	(666)	(591)
Related tax movements		-	166	148
		-	(500)	(443)
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefit assets and obligations	12	**(756)**	(4,917)	(5,283)
Related tax movements		**189**	1,113	1,320
		(567)	(3,804)	(3,963)
Other comprehensive expense for the period net of tax		**(567)**	(4,304)	(4,406)
Total comprehensive income for the period, net of tax		**8,022**	18,092	16,654
Total comprehensive income attributable to:				
Owners of the parent		**8,022**	18,093	16,654
Non-controlling interest		-	(1)	-

CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30/06/2024**	Unaudited 30/06/2023	Audited 31/12/2023
		£'000	£'000	£'000
Assets				
Non-current assets				
Intangible assets		**76,284**	84,762	82,017
Property, plant and equipment		**453,348**	424,035	440,400
Right-of-use assets		**36,817**	39,475	39,831
Post-employment benefit asset	12	**8,771**	10,488	9,832
		575,220	558,760	572,080
Current assets				
Inventories		**116,753**	112,144	119,189
Current tax receivable		**2,996**	869	1,171
Trade and other receivables		**58,632**	76,341	37,919
Cash and cash equivalents		**6,595**	24,096	23,872
		184,976	213,450	182,151
Assets held for sale		**-**	200	-
Total assets		**760,196**	772,410	754,231
Current liabilities				
Trade and other payables		**(77,372)**	(107,875)	(80,526)
Derivative financial instruments	11	**(24)**	(99)	(24)
Borrowings	8	**(45,425)**	(13,422)	(25,496)
Lease liabilities		**(8,984)**	(7,884)	(9,292)
Provisions	13	**(3,285)**	(2,535)	(6,002)
		(135,090)	(131,815)	(121,340)
Net current assets		**49,886**	81,835	60,811
Total assets less current liabilities		**625,106**	640,595	632,891
Non-current liabilities				
Borrowings	8	**(99,008)**	(99,784)	(98,992)
Lease liabilities		**(31,618)**	(33,330)	(34,541)
Deferred tax liabilities		**(93,272)**	(85,495)	(89,929)
Provisions	13	**(6,799)**	(7,732)	(9,562)
		(230,697)	(226,341)	(233,024)
Total liabilities		**(365,787)**	(358,156)	(354,364)
Net assets		**394,409**	414,254	399,867
Equity				
Share capital		**4,096**	4,096	4,096
Share premium		**4,458**	4,458	4,458
Retained earnings		**784,851**	806,141	790,971
Other reserves	14	**(398,996)**	(400,491)	(399,658)
Equity attributable to owners of the company		**394,409**	414,204	399,867
Non-controlling interest		**-**	50	-
Total equity		**394,409**	414,254	399,867

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Other reserves (see Note 14)	Total equity attributable to owners	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	**4,096**	**4,458**	**790,971**	**(399,658)**	**399,867**	**-**	**399,867**
Profit for the period	-	-	**8,589**	-	**8,589**	-	**8,589**
Other comprehensive expense	-	-	**(567)**	-	**(567)**	-	**(567)**
Total comprehensive income for the period	-	-	**8,022**	-	**8,022**	-	**8,022**
Transactions with owners:							
Share based payments	-	-	**874**	-	**874**	-	**874**
Current tax on share based payments	-	-	**(219)**	-	**(219)**	-	**(219)**
Equity dividends paid	-	-	**(14,135)**	-	**(14,135)**	-	**(14,135)**
Issue of own shares held on exercise of share options	-	-	**(662)**	**662**	-	-	-
At 30 June 2024 (unaudited)	**4,096**	**4,458**	**784,851**	**(398,996)**	**394,409**	**-**	**394,409**
Balance at 1 January 2023	4,096	4,458	807,894	(400,290)	416,158	51	416,209
Profit for the period	-	-	22,397	0	22,397	(1)	22,396
Other comprehensive expense	-	-	(3,804)	(500)	(4,304)	-	(4,304)
Total comprehensive income/(expenses) for the period	-	-	18,593	(500)	18,093	(1)	18,092
Transactions with owners:							
Share based payments	-	-	1,432	-	1,432	-	1,432
Deferred tax on share based payments	-	-	87	-	87	-	87
Equity dividends paid	-	-	(21,566)	-	(21,566)	-	(21,566)
Issue of own shares held on exercise of share options	-	-	(299)	299	-	-	-
At 30 June 2023 (unaudited)	4,096	4,458	806,141	(400,491)	414,204	50	414,254
Balance at 1 July 2023	4,096	4,458	806,141	(400,491)	414,204	50	414,254
(Loss)/profit for the period	-	-	(1,337)	-	(1,337)	1	(1,336)
Other comprehensive (expenses)/income	-	-	(159)	57	(102)	-	(102)
Total comprehensive(expenses)/income for the period	-	-	(1,496)	57	(1,439)	1	(1,438)
Transactions with owners:							
Share based payments	-	-	876	-	876	-	876
Deferred tax on share based payments	-	-	(234)	-	(234)	-	(234)
Equity dividends paid	-	-	(13,341)	-	(13,341)	-	(13,341)
Issue of own shares held on exercise of share options	-	-	(776)	776	-	-	-
Acquisition on subsidiary non-controlling interest	-	-	(199)	-	(199)	(51)	(250)
At 31 December 2023 (audited)	4,096	4,458	790,971	(399,658)	399,867	-	399,867

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Half year ended 30/06/2024	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
	£'000	£'000	£'000
Cash flow from operating activities			
Cash generated from operations (Note 10)	**10,758**	22,178	63,656
Interest paid	**(3,023)**	(1,675)	(3,667)
Other interest paid - lease liabilities	**(1,261)**	(884)	(2,368)
Tax paid	**(501)**	(3,369)	630
Net cash inflow from operating activities	**5,973**	**16,250**	**58,251**
Cash flows from investing activities			
Purchase of property, plant and equipment	**(24,422)**	(32,667)	(65,653)
Proceeds from sale of property, plant and equipment	**3**	342	2,070
Purchase of intangible assets	**-**	(1,908)	(2,423)
Settlement of deferred consideration	**-**	-	(112)
Purchase price adjustment on completion of acquisition	**171**	-	-
Payment for acquisition of subsidiary, net of cash acquired	**-**	-	(2,642)
Interest receivable	**47**	151	257
Net cash outflow from investing activities	**(24,201)**	**(34,082)**	**(68,503)**
Cash flows from financing activities			
Dividends paid	**(14,135)**	(21,566)	(34,907)
Drawdown of borrowings	**58,000**	13,000	30,000
Repayment of borrowings	**(38,000)**	-	(5,000)
Repayment of lease liabilities	**(4,915)**	(3,790)	(9,986)
Acquisition of Non Controlling Interest	**-**	-	(250)
Net cash inflow/(outflow) from financing activities	**950**	**(12,356)**	**(20,143)**
Net decrease in cash and cash equivalents	**(17,277)**	**(30,188)**	**(30,395)**
Cash and cash equivalents at beginning of the year	**23,872**	54,283	54,283
Exchange gains/(losses) on cash and cash equivalents	**-**	1	(16)
Cash and cash equivalents at end of the period	**6,595**	**24,096**	**23,872**

1. AUTHORISATION OF FINANCIAL STATEMENTS

Ibstock Plc ("Ibstock" or "the Group") is a manufacturer of clay bricks and concrete products with operations in the United Kingdom. Ibstock Plc is a public company limited by shares, which is incorporated and registered in England. The registered office is Leicester Road, Ibstock, Leicestershire, LE67 6HS and the company registration number is 09760850.

The interim condensed consolidated financial statements of Ibstock Plc for the six months ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 6 August 2024. All disclosed documents relating to these results are available on the Group's website at www.ibstock.co.uk.

Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2023, which have been extracted from the statutory accounts for that year, are not the Company's statutory accounts for that financial year. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 5 March 2024. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) not qualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' as contained in UK-adopted IFRS.

They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report and Accounts as at 31 December 2023, which have been prepared in accordance with UK-adopted International Accounting Standards (IAS).

The condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand, except where otherwise indicated.

All accounting policies applied by the Group within the interim condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2023, except in respect of taxation, which is based on the expected effective tax rate that would be applicable to expected annual earnings.

The following new and amended standards and interpretations have been adopted in the preparation of the condensed consolidated financial statements:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

In preparing the interim condensed consolidated financial statements the Group has assessed the critical accounting estimates and judgements applied in the preparation of the consolidated financial statements for the year ended 31 December 2023. The areas of critical judgement relating to exceptional items (see Note 5), significant source of estimation uncertainty regarding the Group's pension scheme liability valuation assumptions surrounding future changes in discount rates, inflation, the rate of increase in pensions in payment and life expectancy (see Note 12) and the Group's future cash flows expected to arise from Cash Generating Units (CGUs) assumptions related to long-term industry demand (see Note 9) are still considered critical to the preparation of the interim financial statements for the period ended 30 June 2024.

Going concern

Despite the macroeconomic downturn, there are initial positive external market indicators with inflation continuing to fall, mortgage rates stabilising, and proposed housing and planning policy changes which could increase consumer confidence looking forward. The Group does not believe that the going concern basis of preparation represents a significant judgement.

The Group's financial planning and forecasting process consists of a budget for the next year followed by a medium-term projection. The Directors have reviewed and robustly challenged the assumptions about future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts, and stress testing within their going concern assessment.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group, particularly those relating to economic conditions and operational disruption. The strategic report sets out in more detail the Group's approach and risk management framework.

Group forecasts have been prepared which reflect both actual conditions and estimates of the future reflecting macroeconomic and industry-wide projections, as well as matters specific to the Group.

The Group has financing arrangements comprising: £100 million of private placement notes issued in November 2021 with maturities of between 7 and 12 years and a £125 million Revolving Credit Facility (RCF) for an initial four year tender, with an enacted one year extension option arranged in 2022. At 30 June 2024, £45 million under RCF had been drawn.

Covenants under the Group's RCF and private placement notes require leverage of no more than 3 times net debt to adjusted EBITDA[1], and interest cover of no less than 4 times, tested bi-annually at each reporting date with reference to the previous 12 months. At 30 June 2024 covenant requirements were met with significant headroom.

The key uncertainty faced by the Group is the industry demand for its products in light of macroeconomic factors. Accordingly, the Group has modelled financial scenarios which see reduction in the industry demands for its products thereby stress testing the Group's resilience. For each scenario, cash flow and covenant compliance forecasts have been prepared. In the most severe but plausible scenario industry demand for Clay products is modelled to be around 40% lower than 2022[1] in the 2024 year, which is materially worse than the sales reduction seen in 2023, recovering to around 35% lower than 2022 in 2025. Concrete products are modelled to be around 35% lower than 2022 in the 2024 year, recovering to around 30% lower than 2022 in 2025

In the severe but plausible scenario, the Group has sufficient liquidity and headroom against its covenants, with covenant headroom expressed as a percentage of annual adjusted EBITDA[1] being in excess of 30% in relation to the period under review.

In addition, the Group has prepared a reverse stress test to evaluate the industry demand reduction at which it would be likely to breach the debt covenants, before any further mitigating actions are taken.

[1] Representing normalised levels of industry demand

This test indicates that, at a reduction of 49% in sales volumes versus 2022 in both H2 2024, and 2025, the Group would be at risk of breaching its covenants.

The Directors consider this to be a highly unlikely scenario, and in the event of an anticipated covenant breach, the Group would seek to take further steps to mitigate, including the disposal of valuable land and building assets and additional restructuring steps to reduce the fixed cost base of the Group.

Having taken account of the various scenarios modelled, and in light of the mitigations available to the Group, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

3. ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures ("APMs") are used within the management report where management believes it is necessary to do so in order to provide further understanding of the financial performance of the Group. Management uses APMs in its own assessment of the Group's performance and in order to plan the allocation of capital and other resources. Certain APMs are also used in the remuneration of management and Executive Directors.

APMs serve as supplementary information for users of the financial statements and it is not intended that they are a substitute for, or superior to, statutory measures. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Exceptional items

The Group presents as exceptional at the foot of the Group's Condensed consolidated income statement those items of income and expense which, because of their materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to understand further elements of financial performance in the year. This facilitates comparison with future periods and the assessment of trends in financial performance over time.

Details of all exceptional items are disclosed in Note 5.

Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA margin

In the current year, the Directors have introduced Adjusted EBIT as a new APM, in light of the Group's move to focus investors on this performance measure and its use as a key remuneration measure for senior management. It represents earnings before interest, taxation and adjusted for exceptional items and incremental depreciation and amortisation following fair value uplift.

Adjusted EBITDA is the earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. Adjusted EBITDA margin is Adjusted EBITDA expressed as a proportion of revenue.

The Directors regularly use Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA margin as key performance measures in assessing the Group's profitability. The measures are considered useful to users of the financial statements as they represent common APMs used by investors in assessing a company's operating performance, when comparing its performance across periods as well as being used in the determination of Directors' variable remuneration.

A full reconciliation of Adjusted EBIT and Adjusted EBITDA are included at the foot of the Group's Condensed consolidated income statement within the consolidated financial statements. Adjusted EBITDA margin is included within Note 4.

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets and non-cash interest, net of associated taxation on the adjusting items.

The Directors have presented Adjusted EPS as they believe the APM represents useful information to the user of the financial statements in assessing the performance of the Group, when comparing its performance across periods, as well as being used in the determination of Directors' variable remuneration. Additionally, the APM is considered by management when determining the proposed level of ordinary dividend. A full reconciliation is provided in Note 7.

Net debt and Net debt to Adjusted EBITDA ("leverage") ratio

Net debt is defined as the sum of cash and cash equivalents less total borrowings at the balance sheet date. This does not include lease liabilities arising upon application of IFRS 16.

The Net debt to Adjusted EBITDA ratio definition removes the operating lease expense benefit generated from IFRS16 compared to IAS 17 within Adjusted EBITDA.

The Directors disclose these APMs to provide information as a useful measure for assessing the Group's overall level of financial indebtedness and when comparing its performance and position across periods.

A full reconciliation of the net debt to Adjusted EBITDA ratio (also referred to as 'leverage') is set out below:

	Unaudited 12 month period ended 30/06/2024	Unaudited 12 month period ended 30/06/2023	Audited year ended 31/12/2023
	£'000	£'000	£'000
Net debt	**(137,838)**	(89,110)	(100,616)
Adjusted EBITDA	**82,196**	131,789	107,357
Impact of IFRS 16	**(13,772)**	(8,946)	(12,134)
Adjusted EBITDA prior to IFRS 16	**68,424**	122,843	95,223
Ratio of net debt to adjusted EBITDA	**2.0x**	0.7x	1.1x

Adjusted Return on Capital Employed (Adjusted ROCE)

Adjusted Return on Capital Employed ("Adjusted ROCE") is defined as Adjusted earnings before interest and taxation as a proportion of the average capital employed (defined as net debt plus equity excluding the pension surplus). The average is calculated using the period end balance and corresponding preceding reported period end balance (year end or interim).

The Directors disclose the Adjusted ROCE APM in order to provide users of the financial statements with an indication of the relative efficiency of capital use by the Group over the period, assessing performance between periods as well as being used within the determination of executives' variable remuneration.

The calculation of Adjusted ROCE is set out below:

	Unaudited 12 month period ended 30/06/2024	Unaudited 12 month period ended 30/06/2023	Audited Year ended 31/12/2023
	£'000	£'000	£'000
Adjusted EBITDA	**82,196**	131,789	107,357
Less depreciation	**(34,570)**	(32,779)	(34,626)
Less amortisation	**(6,938)**	(6,939)	(6,938)
Adjusted earnings before interest and taxation	**40,688**	92,071	65,793
Average net debt	**119,227**	67,516	94,863
Average equity	**397,138**	415,232	407,061
Average pension	**(9,302)**	(12,841)	(10,160)
Average capital employed	**507,063**	469,907	491,764
Adjusted ROCE	**8.0%**	19.6%	13.4%

Average capital employed figures are derived using the following closing balance sheet values:

	30 June 2024	31 December 2023	30 June 2023	31 December 2022
	£'000	£'000	£'000	£'000
Net debt	**137,838**	100,616	89,110	45,922
Equity	**394,409**	399,867	414,254	416,209
Less: Pension assets	**(8,771)**	(9,832)	(10,488)	(15,194)
Capital employed	**523,476**	490,651	492,876	446,937

Adjusted effective tax rate

The Group presents an adjusted effective tax rate ("Adjusted ETR") within its Financial Review. This is disclosed in order to provide users of the financial statements with a view of the rate of taxation borne by the Group adjusted for exceptional items (defined above), fair value adjustments being the amortisation and depreciation on fair value uplifted assets, non-cash interest and changes in taxation rate on deferred taxation.

A reconciliation of the adjusted ETR to the statutory rate of taxation in the UK is set out below.

	Unaudited Half year ended 30/06/2024	Unaudited Half year ended 30/06/2023	Audited 31 December 2023
Statutory rate of taxation in the UK	**25.00%**	23.50%	23.50%
Less impact of permanent differences*	**1.30%**	0.80%	0.84%
Less impact of changes in estimates re. prior periods	**(0.14%)**	-	0.27%
Adjusted ETR	**26.16%**	**24.30%**	**24.61%**
Effect of higher rate applied to deferred tax	**0.24%**	0.70%	2.87%
Adjusting items tax impact	**0.70%**		2.47%
Reported ETR	**27.10%**	25.0%	29.95%

* The impact of permanent differences primarily comprises expenses not deductible, offset by the benefit from the UK super deduction on qualifying capital expenditure

Cash flow related APMs

The Group presents an adjusted cash flow statement within its Financial Review. This is disclosed in order to provide users of the financial statements with a view of the Group's operating cash generation before the impact of cash flows associated with exceptional items (as set out in Note 5) and with the inclusion of interest, lease payment and non-exceptional property disposal related cash flows.

The Directors use this APM table to allow shareholders to further understand the Group's cash flow performance in the period, to facilitate comparison with future years and to assess trends in financial performance. This table contains a number of APMs, as described below and reconciled in the following table:

Adjusted change in working capital

Adjusted change in working capital represents the statutory change in working capital less cash flows associated with exceptional items arising in the period of £4.2 million (30 June 2023: less cash flows of £1.5 million; 31 December 2023: less cash flows of £5.4 million).

Adjusted operating cash flow

Adjusted operating cash flows are the cash flows arising from operating activities adjusted to exclude cash flows relating to exceptional items of £7.7 million (30 June 2023: £nil; 31 December 2023: £4.6 million) and inclusion of cash flows associated with interest income, proceeds from the sale of property, plant and equipment, purchase of intangibles and lease payments reclassified from investing or financing activities of £4.7 million (30 June 2023: £5.2 million; 31 December 2023: £12.8 million).

Cash conversion

Cash conversion is the ratio of Adjusted operating cash flow (defined above) to Adjusted EBITDA (defined above). The Directors believe this APM provides a useful measure of the Group's efficiency of cash management during the period.

Adjusted free cash flow

Adjusted free cash flow represents Adjusted operating cash flow (defined above) less total capital expenditure. The Directors use the measure of Adjusted free cash flow as a measure of the funds available to the Group for the payment of distributions to shareholders, for use within mergers and acquisitions (M&A) activity and other investing and financing activities.

Reconciliation of statutory cash flow statement to adjusted cash flow statement

Six months ended 30 June 2024 (unaudited)	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Adjusted EBITDA	34,478	3,226	-	37,704
Change in working capital	(23,618)	4,231	-	(19,387)
Net interest	(4,284)	-	47	(4,237)
Tax	(501)	-	-	(501)
Post-employment benefits	520	-	(520)	-
Other	(620)	223	(4,222)	(4,619)
Adjusted operating cash flow	5,975	7,680	(4,695)	8,960
Cash conversion				24%
Total capex	(24,422)			(24,422)
Adjusted free cash flow	(18,447)	7,680	(4,695)	(15,462)

Six months ended 30 June 2023 (unaudited)	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Adjusted EBITDA	52,137	10,728	-	62,865
Change in working capital	(38,004)	(1,529)	-	(39,533)
Impairment charges	9,199	(9,199)	-	-
Net interest	(2,559)	-	151	(2,408)
Tax	(3,369)	-	-	(3,369)
Post-employment benefits	149	-	(440)	(291)
Other	(1,303)	-	(4,916)	(6,219)
Adjusted operating cash flow	16,250	-	(5,205)	11,045
Cash conversion				18%
Total capex	(32,667)	-	-	(32,667)
Adjusted free cash flow	(16,417)	-	(5,205)	(21,622)

Year ended 31 December 2023 (audited)	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Adjusted EBITDA	76,595	30,762	-	107,357
Change in working capital	(31,636)	(5,355)	-	(36,991)
Impairment charges	20,599	(20,599)	-	-
Net interest	(6,035)	-	257	(5,778)
Tax	630	-	-	630
Post-employment benefits	790	-	(1,081)	(291)
Other	(2,692)	(177)	(12,012)	(14,881)
Adjusted operating cash flow	58,251	4,631	(12,836)	50,046
Cash conversion				47%
Total capex	(65,653)	-	-	(65,653)
Adjusted free cash flow	(7,402)	4,631	(12,836)	(15,607)

4. SEGMENT REPORTING

The Directors consider the Group's reportable segments to be the Clay and Concrete divisions.

The key Group performance measure is adjusted EBITDA, as detailed below, which is defined in Note 3. The tables, below, present revenue and adjusted EBITDA and profit/(loss) before taxation for the Group's operating segments.

Included within the unallocated and elimination columns in the tables below are costs including share based payments and Group employment costs. Unallocated assets and liabilities are pensions, taxation and certain centrally held provisions. Eliminations represent the removal of inter-company balances. Transactions between segments are carried out at arm's length. There is no material inter-segmental revenue and no aggregation of segments has been applied.

For all the periods presented, the activities of Ibstock Futures were managed and reported as part of the Clay division. Consequently, the position and performance of Ibstock Futures for all periods has been classified within the Clay reportable segment.

	Six months ended 30 June 2024			
	Clay	**Concrete**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Bricks and masonry	115,508	7,664	-	123,172
Roofing	-	8,859	-	8,859
Fencing and landscaping	-	13,525	-	13,525
Flooring and lintels	623	21,634	-	22,257
Facades	3,281	-	-	3,281
Rail and infrastructure	-	5,993	-	5,993
Other	-	1,102	-	1,102
Total revenue	**119,412**	**58,777**	**-**	**178,189**
Adjusted EBITDA	**34,192**	**7,486**	**(3,974)**	**37,704**
Adjusted EBITDA margin	***28.6%***	***12.7%***		***21.2%***
Exceptional items impacting operating profit (see Note 5)	(3,080)	(146)	-	(3,226)
Depreciation and amortisation pre fair value uplift	(11,802)	(2,734)	(100)	(14,636)
Incremental depreciation and amortisation following fair value uplift	(2,963)	(2,427)	-	(5,390)
Net finance costs	(460)	(252)	(1,958)	(2,670)
Profit/(loss) before tax	**15,887**	**1,927**	**(6,032)**	**11,782**
Taxation				(3,193)
Profit for the period				**8,589**

There were no bill and hold sales included within revenue during the six months ended 30 June 2024. At 30 June 2024, £0.7 million of inventory remained on the Clay division's premises and £0.1 million on Concrete division's premises related to prior period bill and hold sales. During the current period, one customer accounted for greater than 10% of Group revenues with £27.2 million of sales across the Clay and Concrete divisions.

	Six months ended 30 June 2023			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	161,660	61,072	-	222,732
Adjusted EBITDA	57,432	10,903	(5,470)	62,865
Adjusted EBITDA margin	35.5%	17.9%		28.2%
Exceptional items impacting operating profit (see Note 5)	(10,728)	-	-	(10,728)
Depreciation and amortisation pre fair value uplift	(11,376)	(2,534)	(81)	(13,991)
Incremental depreciation and amortisation following fair value uplift	(3,510)	(2,581)	-	(6,091)
Net finance costs	(305)	(239)	(1,636)	(2,180)
Profit/(loss) before tax	31,513	5,549	(7,187)	29,875
Taxation				(7,479)
Profit for the period				22,396

Included within revenue for the six months period ended 30 June 2023 were £1.1 million of bill and hold transactions in the Clay division. At 30 June 2023, £1.1 million of inventory relating to these bill and hold transactions remained on the Clay division's premises as well as £0.2 million of prior bill and hold sales on the Concrete division's premises. There were one customer accounted for greater than 10% of Group revenues with £39.4 million of sales across the Clay and Concrete divisions.

	Year ended 31 December 2023			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	292,220	113,619	-	405,839
Adjusted EBITDA	98,847	18,623	(10,113)	107,357
Adjusted EBITDA margin	*33.8%*	*16.4%*		*26.5%*
Exceptional items impacting operating profit (see Note 5)	(28,170)	(2,404)	(188)	(30,762)
Depreciation and amortisation pre fair value uplift	(23,406)	(5,733)	(175)	(29,314)
Incremental depreciation and amortisation following fair value uplift	(7,374)	(4,876)	-	(12,250)
Net finance costs	(2,015)	(569)	(2,380)	(4,964)
Profit/(loss) before tax	37,882	5,041	(12,856)	30,067
Taxation				(9,007)
Profit for the year				21,060

	Clay	Concrete	Unallocated	Total
Total segment assets	**£'000**	**£'000**	**£'000**	**£'000**
At 30 June 2024	**615,448**	**132,635**	**12,113**	**760,196**
At 31 December 2023	610,867	133,502	9,862	754,231
At 30 June 2023	619,731	138,307	14,372	772,410

	Clay	Concrete	Unallocated	Total
Total segment liabilities	**£'000**	**£'000**	**£'000**	**£'000**
At 30 June 2024	**(164,725)**	**(47,785)**	**(153,277)**	**(365,787)**
At 31 December 2023	(174,062)	(46,127)	(134,175)	(354,364)
At 30 June 2023	(186,081)	(47,470)	(124,605)	(358,156)

5. EXCEPTIONAL ITEMS

	Unaudited Half year ended 30/06/2024	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
Exceptional cost of sales			
Impairment charge - Property, plant and equipment	**-**	(7,530)	(15,397)
Impairment reversal - Right-of-use assets	**-**	-	(1,181)
Impairment charge - working capital	**-**	(1,668)	(4,022)
Total impairment charges	**-**	(9,198)	(20,600)
Redundancy Costs	**(135)**	-	(7,470)
Other costs associated with restructuring programme	**(2,884)**	(1,530)	(1,196)
Total exceptional cost of sales	**(3,019)**	(10,728)	(29,266)
Exceptional administrative expenses:			
Redundancy costs	**(207)**	-	(1,496)
Total exceptional administrative expenses	**(207)**	-	(1,496)
Exceptional items impacting operating profit	**(3,226)**	(10,728)	(30,762)
Total exceptional items	**(3,226)**	(10,728)	(30,762)

Included within the current period were the following exceptional items:

Exceptional cost of sales

Other costs associated with restructuring programme represent costs incurred as a result of the Group's restructuring programme announced during 2023. These costs include site security, insurance, rates, costs associated with decommissioning activities and other standing charges in connection with closed sites. These costs have been categorised as exceptional due to the materiality of programme costs and non-recurring nature of the event giving rise to them.

Redundancy costs relate to the severance for employees engaged in production activities following the Group's announced restructuring. These costs have been categorised as exceptional due to the materiality of programme costs, and the unusual and non-recurring nature of the events giving rise to them.

Exceptional Administrative expenses

Exceptional redundancy costs arising in the current period relate to costs of redundancy of employees within the Group's selling, general and administrative ("SG&A") functions following the Group's restructuring programme announced in 2023. The costs have been treated as exceptional due to the materiality of programme costs and the non-recurring nature of the event giving rise to them.

Tax on exceptional items

In the current period, the redundancy costs are treated as tax deductible. The total tax credit on exceptional items was £0.8 million.

Six-month period ended 30 June 2023 and year ended 31 December 2023

Details of exceptional items included within the prior interim and full year periods are disclosed within Note 5 of the Group's 2023 interim results and 2023 Annual Report and Accounts, respectively.

6. TAXATION

The taxation charge for the interim period represents an estimate based on the expected full year effective tax rate.

7. EARNINGS PER SHARE

The basic earnings per share figures are calculated by dividing profit for the year attributable to the parent shareholders by the weighted average number of Ordinary Shares in issue during the year. The diluted earnings per share figures allow for the dilutive effect of the conversion into Ordinary Shares of the weighted average number of options outstanding during the year. Where the average share price for the year is lower than the option price the options become anti-dilutive and are excluded from the calculation. The number of shares used for the earnings per share calculation are as follows:

	Unaudited Half year ended 30/06/2024	Unaudited Half year ended 30/06/2023	Audited Year ended 31/12/2023
	(000s)	(000s)	(000s)
Basic weighted average number of Ordinary Shares	**392,627**	392,063	392,217
Effect of share incentive awards and options	**4,683**	3,152	3,437
Diluted weighted average number of Ordinary Shares	**397,310**	395,215	395,654

The calculation of adjusted earnings per share is a key measurement used by management that is not defined by IFRS. The adjusted earnings per share measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share figures are calculated as the Basic earnings per share adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets and non-cash interest expenses. Adjustments are made net of the associated taxation impact at the adjusted effective tax rate. A reconciliation of the statutory profit to that used in the adjusted earnings per share calculations is as follows:

	Unaudited Half year ended 30/06/2024 £000	Unaudited Half year ended 30/06/2023 £000	Audited Year ended 31/12/2023 £000
Profit for the period attributable to the parent shareholders	**8,589**	22,397	21,060
Add back exceptional costs (Note 5)	**3,226**	10,728	30,762
Less tax credit on exceptional items	**(807)**	(2,605)	(6,952)
Add Incremental depreciation and amortisation following fair value uplift (Note 4)	**5,390**	6,091	12,250
Less tax credit on fair value adjustments	**(1,347)**	(1,480)	(2,878)
Less net non-cash interest income	**(1,566)**	(225)	(826)
Add back tax charge on non-cash interest credit	**392**	55	194
Add back impact of deferred taxation rate change	**28**	223	844
Adjusted profit for the period attributable to the parent shareholders	**13,905**	35,184	54,454

	Unaudited Half year ended 30/06/2024 pence	Unaudited Half year ended 30/06/2023 pence	Audited Year ended 31/12/2023 pence
Basic EPS on profit for the period	**2.2**	5.7	5.4
Diluted EPS on profit for the period	**2.2**	5.7	5.3
Adjusted basic EPS on profit for the period	**3.5**	9.0	13.9
Adjusted diluted EPS on profit for the period	**3.5**	8.9	13.8

8. BORROWINGS

	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
	£'000	£'000	£'000
Cash and cash equivalents	**6,595**	**24,096**	**23,872**
Current			
Private placement	(330)	(324)	(333)
Revolving Credit Facility	(45,095)	(13,098)	(25,163)
	(45,425)	(13,422)	(25,496)
Non-current			
Private placement	(99,008)	(99,784)	(98,992)
Net debt	**(137,838)**	**(89,110)**	**(100,616)**

At the current and prior period ends, the Group held £100 million of private placement notes from Pricoa Private Capital, with maturities of between 2028 and 2033 and an average total cost of funds of 2.19% (range 2.04% – 2.27%). The agreement with Pricoa also contains an additional uncommitted shelf facility of up to $88.1 million (or equivalent in available currencies). The agreement contains debt covenant requirements of leverage (pre IFRS16 net debt to adjusted EBITDA) and interest cover (adjusted EBITDA to net finance charges) of no more than 3 times and at least 4 times, respectively, tested semi-annually on 30 June and 31 December in respect of the preceding 12-month period.

Additionally, a £125 million RCF is held with a syndicate of five banks for an initial four year period ending in November 2025, which was extended to November 2026 in 2022. Interest is charged at a margin (depending upon the ratio of net debt to Adjusted EBITDA) of between 160bps and 260bps above SONIA, SOFR or EURIBOR according to the currency of the borrowing. The facility also includes an additional £50 million uncommitted accordion facility. Based on current leverage, the Group will pay interest under the RCF at a margin of 235bps.

This RCF contains debt covenant requirements that align with those of the private placement with the same testing frequency. As at 30 June 2024 the RCF was drawn down by £45.0 million (31 December 2023: £25.0 million, 30 June 2023: £13.0 million). As at the date of approval of these financial statements, the drawn down amount remained at £45.0 million.

The carrying value of financial liabilities have been assessed as materially in line with their fair values, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £85.6 million (31 December 2023: £88.3 million, 30 June 2023: £83.0 million).

No security is provided over the Group's borrowings.

9. IMPAIRMENT

For the year ended 31 December 2023, management completed a detailed impairment review for the sites that had been announced to be closed, which resulted in an asset impairment of £20.6 million.

Management also completed detailed testing of value-in-use ("VIU") for the Group's remaining operating CGUs at 31 December 2023, with no further impairment charges recognised.

The key assumption used within the VIU calculations are noted below:

1. Management used the latest Board approved budget and strategic planning forecasts in its estimated future cash flows, covering the period 2024 to 2028, which included assumptions regarding industry demand for the Group's products. These forecasts assumed a return to normalised levels of industry demand for the Group's products (defined as a level of demand in line with the 2022 year) over the medium term.

Management was of the view that a downside sensitivity, evaluated as an unforeseen material reduction of greater than 10% in the long-term industry demand for the Group's products (against a level of demand in line with the 2022 year) could lead to a risk of impairment of the Group's non-current assets of between £15 million and £25 million.

At 30 June 2024, management reviewed the internal and external sources of information and concluded that the key assumption remained appropriate, and accordingly, no new impairment indicators since 31 December 2023 have been identified. Therefore, no detailed impairment review was performed as at 30 June 2024.

However, management took the decision to test those CGUs which demonstrated the lowest levels of headroom when performing its detailed testing of impairment as at 31 December 2023.

The other assumptions used within the VIU calculation are noted below:

1. A pre-tax weighted average cost of capital ("WACC") of 11%-14% was used within the VIU calculation based on an externally derived rate and benchmarked against industry peer group companies.
2. Terminal growth rates of 2% were used reflecting long term inflationary expectations and management's past experience and expectations.

Management is of the view that no reasonable movement in the other assumptions of the WACC or terminal growth rate outlined would result in impairment of the Group's non-current assets.

No further impairment charges were recognised as at 30 June 2024.

10. NOTES TO THE GROUP CASHFLOW STATEMENT

	Unaudited	Unaudited	Audited
	Half year ended 30/06/2024	Half year ended 30/06/2023	Year ended 31/12/2023
Cash flows from operating activities	**£'000**	£'000	£'000
Profit before taxation	**11,782**	29,875	30,067
Adjustments for:			
Depreciation	**16,557**	16,613	34,626
Impairment of property plant and equipment	**-**	7,529	15,397
Impairment of right-of-use assets	**-**	-	1,181
Impairment of working capital	**-**	1,670	4,022
Amortisation of intangible assets	**3,469**	3,469	6,938
Finance costs	**2,670**	2,180	4,964
gain on disposal of property, plant and equipment	**(11)**	(1,393)	(1,957)
Research and development expenditure credit	**(1,230)**	(750)	(2,427)
Share based payments	**874**	1,432	2,308
Post-employment benefits	**520**	149	790
Other	**(254)**	(592)	(617)
	34,377	60,182	95,292
Decrease/(increase) in inventory	**2,559**	(19,539)	(28,495)
(Increase)/decrease in trade and other receivables	**(20,807)**	(10,676)	28,298
Increase in trade and other creditors	**(850)**	(9,193)	(36,865)
(Decrease)/increase in provisions	**(4,521)**	1,404	5,426
Cash generated from operations	**10,758**	22,178	63,656

11. FINANCIAL INSTRUMENTS

IFRS 13 'Financial Instruments: Disclosures' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – Unadjusted quoted prices 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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At 30 June 2024, 31 December 2023 and 30 June 2023, the Group's fair value measurements were categorised as Level 2, except for (i) quoted investments within the Group's pension schemes, which were valued as Level 1 and (ii) the insured pensioner and deferred pensioner asset, which was categorised as a Level 3 valuation and uses assumptions set out in Note 12 to align its valuation to the related liability.

The Group entered into forward currency contracts as cash flow hedges to manage its exposure to foreign currency fluctuations associated with future purchases of plant and equipment required for the construction of major capital expenditure projects. These instruments are measured at fair value using Level 2 valuation techniques subsequent to initial recognition.

At 30 June 2024, a liability valued at £0.1 million (31 December 2023: a liability of £0.1 million; 30 June 2023: a liability of £0.1 million) was recognised for these derivative financial instruments.

At 30 June 2024, 31 December 2023 and 30 June 2023, the Group held no other significant derivative financial instruments. There were no transfers between levels during any period disclosed.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £85.6 million (31 December 2023: £88.3 million, 30 June 2023: £83.0 million).

12. POST EMPLOYMENT BENEFITS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. During the six-month period ended 30 June 2024, the opening Scheme surplus of £9.8 million decreased to a closing surplus of £8.8 million. Analysis of the movements during the six-month period ended 30 June 2024 was as follows:

	£'000
Scheme surplus at 1 January 2024 (audited)	9,832
Administration expenses	(520)
Interest income	215
Remeasurement due to:	
- Change in financial assumptions	20,344
- Change in demographic assumptions	1,621
- Experience gain	7,653
- Return on plan assets	(30,374)
Scheme surplus at 30 June 2024 (unaudited)	**8,771**

On 20 December 2022, the Scheme completed a full buy-in transaction with a specialist third-party provider, which represented a significant step in the Group's continuing strategy of de-risking its pensions exposure. This transaction, together with the partial buy-in transaction in 2020 insured the significant majority of the Group's defined benefit liabilities. As a result, the insured asset and the corresponding liabilities of the Scheme are assumed to be broadly matched without exposure to interest rate, inflation risk or longevity risk. However, there is a residual risk that the insurance premium may be increased following a data cleanse to reflect a more accurate liability position. If the surplus Scheme assets are insufficient to meet any additional premium, then the company may need to pay an additional contribution into the Scheme.

The financial assumptions used by the actuary have been derived using a methodology consistent with the approach used to prepare the accounting disclosures at 31 December 2023. The assumptions have been updated based on market conditions at 30 June 2024:

	Unaudited 30 June 2024	Unaudited **30 June 2023**	Audited **31 December 2023**
	Per annum	**Per annum**	**Per annum**
Discount rate	**5.15%**	5.25%	4.55%
RPI inflation	**3.25%**	3.25%	3.10%
CPI inflation	**2.75%**	2.65%	2.50%
Rate of increase in pensions in payment	**3.65%**	3.65%	3.60%
Mortality assumptions: life expectation at age 65			
For male currently aged 65	**21.4 years**	21.4 years	21.4 years
For female currently aged 65	**24.2 years**	24.1 years	24.1 years
For male currently aged 40	**23.1 years**	23.1 years	23.1 years
For female currently aged 40	**26.0 years**	25.9 years	25.9 years

In light of the fact that the pension scheme was in a net surplus position after the full buy-in, the Trustees and the Group have agreed that the Group would suspend paying contributions with effect from 1 March 2023.

In June 2023, the High Court ruled that a failure to obtain a "Section 37 certificate" alongside an amendment where there is a statutory requirement to do so would render the amendment void. If effected, this issue could affect scheme liabilities if it is not possible to locate Section 37 certificates where required. This ruling was under appeal as at 30 June 2024 but the Court of Appeal rejected the appeal on 24 July 2024. The Scheme's legal advisers are not yet undertaking an analysis of the Scheme's historic documentation and no allowance has been made for the ruling within the IAS19 disclosures at 30 June 2024. This position will be revisited in future sets of disclosures.

13. PROVISIONS

	Unaudited	Unaudited	Audited
	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Restoration (i)	**4,985**	4,231	5,489
Dilapidations (ii)	**3,983**	4,138	4,620
Restructuring (iii)	**978**	1,530	5,037
Other (iv)	**138**	368	418
	10,084	10,267	15,564
Current	**3,285**	2,535	6,002
Non-current	**6,799**	7,732	9,562
	10,084	10,267	15,564

	Restoration (i)	**Dilapidations (ii)**	**Restructuring (iii)**	**Other (iv)**	**Total**
	£'000	£'000	£'000	£'000	£'000
At 1 January 2024	5,489	4,620	5,037	418	15,564
Charged to the income statement	67	-	15	-	82
Utilised	(51)	-	(4,074)	(49)	(4,174)
Unwind of discount/change in rate	(520)	(566)	-	-	(1,086)
Reversed unused	-	(71)	-	(231)	(302)
At 30 June 2024	4,985	3,983	978	138	10,084

(i) The restoration provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with applicable environmental regulations together with constructive obligations stemming from established practice once the sites have been fully utilised. Provisions are based upon management's best estimate of the ultimate cash outflows. The key estimates associated with calculating the provision relate to the cost per acre to perform the necessary remediation work as at the reporting date together with determining the expected year of retirement. Climate change is specifically considered at the planning stage of developments when restoration provisions are initially estimated. This includes projection of costs associated with future water management requirements and the form of the ultimate expected restoration activity. Other changes to legislation, including in relation to climate change, are factored into the provisions when legislation becomes enacted. Estimates are reviewed and updated annually based on the total estimated available reserves and the expected mineral extraction rates. Whilst an element of the total provision will reverse in the medium-term (one to ten years), the majority of the legal and constructive obligations applicable to mineral-bearing land will unwind within a twenty-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life. Discount rates used are based upon UK Government bond rates with similar maturities.

(ii) Provisions for dilapidations arose as contingent liabilities recognised upon the business combination in the period ended 31 December 2015. They are recognised on a lease by lease basis and are based on the Group's best estimate of the likely contractual cash outflows, which are estimated to occur over the lease term. Third party valuation experts are used periodically in the determination of the best estimate of the contractual obligation, with expected cash flows discounted based upon UK Government bond rates with similar maturities.

(iii)The restructuring provision comprised obligations arising from the completion of the Group's review of operations during the second half of 2023, which involved sites closures and associated redundancy costs. The key estimates associated with the provision relate to redundancy costs per impacted employee. All of the cost is expected to be incurred within one year of the balance sheet date.

(iv)Other provisions include provisions for legal and warranty claim costs, which are expected to be incurred within one year of the balance sheet date.

14. OTHER RESERVES

	Cash flow hedging reserve	Merger reserve	Own shares held	Treasury shares	Total other reserves
Balance at 1 January 2024	(25)	(369,119)	(514)	(30,000)	(399,658)
Issue of own shares held on exercise of share options	-	-	514	148	662
At 30 June 2024 (unaudited)	**(25)**	**(369,119)**	**-**	**(29,852)**	**(398,996)**
Balance at 1 January 2023 (audited)	418	(369,119)	(1,589)	(30,000)	(400,290)
Other comprehensive expense	(500)	-	-	-	(500)
Issue of own shares held on exercise of share options	-	-	299	-	299
At 30 June 2023 (unaudited)	(82)	(369,119)	(1,290)	(30,000)	(400,491)
Balance at 1 July 2023 (unaudited)	(82)	(369,119)	(1,290)	(30,000)	(400,491)
Other comprehensive income	57	-	-	-	57
Issue of own shares held on exercise of share options	-	-	776	-	776
At 31 December 2023 (audited)	(25)	(369,119)	(514)	(30,000)	(399,658)

Cash flow hedging reserve

The cash flow hedging reserve records movements for effective cash flow hedges measured at fair value. The accumulated balance in the cash flow hedging reserve will be reclassified to the cost of the designated hedged item in a future period.

Merger reserve

The merger reserve of £369.1 million arose on the acquisition of Figgs Topco Limited by Ibstock plc in the period ended 31 December 2015 and is the difference between the share capital and share premium of Figgs Topco Limited and the nominal value of the investment and preference shares in Figgs Topco Limited acquired by the Company.

Own shares held

The Group's holding in its own equity instruments is shown as a deduction from shareholders' equity at cost. These shares represented shares held in the Employee Benefit Trust (EBT) to meet the future requirements of the employee share-based payment plans. Consideration, if any, received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to the profit and loss reserve. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares. All remaining shares held in EBT were issued to meet share option requirements in the current period.

Treasury share reserve

The Group holds the treasury shares to meet the future requirements of employee share based payment plans. Consideration, if any, received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to the profit and loss reserve. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

At 30 June 2024, the treasury shares are shown as a deduction from shareholders' equity at cost totalling £29.9 million at 30 June 2024 (30 June 2023: £30.0 million, 31 December 2023: £30.0 million).

15. RELATED PARTY TRANSACTIONS

Balances and transactions between Ibstock Plc (the ultimate Parent) and its subsidiaries, which are related parties, are eliminated on consolidation and are not disclosed in this note. There were no further material related party transactions, nor any related party balances in either the 2024 or 2023 financial periods other than remuneration for the Directors and key management personnel.

16. DIVIDENDS PAID AND PROPOSED

A final dividend for 2023 of 3.6 pence per ordinary share (2022: 5.5 pence) was paid on 31 May 2024. The Directors have declared an interim dividend of 1.5 pence per ordinary share in respect of 2024 (2023: 3.4 pence), amounting to a dividend cost of £5.9 million (2023: £13.3 million). The interim dividend will be paid on 13 September 2024 to all shareholders on the register at close of business on 23 August 2024.

These condensed consolidated financial statements do not reflect the 2024 interim dividend payable.

17. POST BALANCE SHEET EVENTS

Except for the proposed interim ordinary dividend (see Note 16), no further subsequent events requiring either disclosure or adjustment to these financial statements have arisen since the balance sheet date.

INDEPENDENT REVIEW REPORT TO IBSTOCK PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, 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.

As disclosed in note 2, the annual financial statements of Ibstock Plc (the "Group") are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

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

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor
Birmingham, United Kingdom
6 August 2024