Embargoed until 7.00am on Wednesday 16 August 2023

Management actions position the Group well for when markets normalise

Marshalls plc, a leading manufacturer of sustainable solutions for the built environment, announces its results for the half year ended 30 June 2023

Highlights

£M	**H1 2023**	H1 2022	Change (%)
Revenue	**354.1**	348.4	2%
Adjusted results (Notes 1 and 2)			
Adjusted EBITDA	**58.8**	64.2	(8%)
Adjusted operating profit	**41.9**	48.0	(13%)
Adjusted profit before tax	**33.2**	44.6	(26%)
Adjusted basic EPS – pence	**10.2**	16.4	(38%)
Adjusted proforma ROCE (%)	**10.6**	13.4	(2.8ppts)
Statutory results			
Operating profit	**26.8**	27.3	(2%)
Profit before tax	**16.7**	23.9	(30%)
Basic EPS - pence	**5.2**	7.9	(34%)
Interim dividend – pence	**2.6**	5.7	(54%)
Net debt	**230.0**	252.3	9%
Pre-IFRS 16 net debt	**184.6**	208.2	11%

Financial, operational, and strategic highlights

- Revenue growth of two per cent over 2022 including an additional four-month contribution from Marley; revenue contracted by 13 per cent on a like-for-like basis
- Adjusted profit before tax of £33.2 million, a reduction of 26 per cent on 2022. Profit before tax on a statutory basis was £16.7 million (H1 2022: £23.9 million) including the impact of adjusting items of £16.5 million (H1 2022: £20.7 million)
- Group strategy refreshed and being implemented throughout the organisation
- Decisive action taken to streamline manufacturing capacity and the cost base, resulting in £9 million of annualised savings
- Flexibility maintained in the manufacturing network to respond rapidly to produce higher volumes when market normalises
- Net debt of £184.6 million (on a pre-IFRS 16 basis) reduced by £23.6 million since June 2022, with leverage of 1.6 times adjusted EBITDA. Reported net debt of £230.0 million (H1 2022: £252.3 million)
- Syndicated bank facility extended by 12 months to April 2027 further improving security of medium-term funding
- Exited the Group's Belgian operation allowing the Group to focus on the UK construction market

Outlook

- The challenging trading environment is expected to persist in the second half of the year and into 2024
- Against this backdrop, the Board will continue to focus on actions to minimise cost, improve agility and control cash flows alongside ensuring that the business is well positioned to respond when the Group's end markets start to recover
- The Board remains confident that these actions, together with the long-term market growth drivers and a focus on executing key strategic initiatives, will underpin a material improvement in profitability when market conditions normalise

Commenting on the results, Martyn Coffey, Chief Executive, said:
"Market conditions in new house building and private housing RMI were challenging in the first half of the year, which led to a material reduction in volumes across all three of our reporting segments. This resulted in a significant decline in Group profitability compared to the first half of 2022. We have responded by taking action to improve our agility, reduce capacity, take cost out of the business, and manage cash. Regrettably, these actions necessitated in a reduction of approximately 250 roles across the organisation. However, we have been careful to ensure that we have sufficient latent manufacturing capacity that will allow us to respond quickly when there is an improvement in market conditions.

Our refreshed strategy is underpinned by our strong market positions, established brands and focused investment plans to drive ongoing operational improvement. Notwithstanding short-term challenges, the Board remains confident that the long-term market growth drivers and a focus on executing key strategic initiatives, will underpin a material improvement in profitability when market conditions normalise."

There will be a live presentation today at 09:00am at the offices of Peel Hunt for analysts and investors, which will also be webcast live. The presentation will be available for analysts and investors who are unable to view the webcast live and can be accessed on Marshalls' website at www.marshalls.co.uk. Users can register to access the webcast using the following link:

https://brrmedia.news/marshalls.hy.23

There will also be a telephone dial in facility available Tel: UK-Wide: +44 (0) 33 0551 0200 and quote password "Marshalls HY Results" if prompted by the operator.

Notes:
1. The results for the half year ended 30 June 2023 have been disclosed after adding back adjusting items. These are set out in note four.
2. This Half Year Financial Report includes alternative performance measures ('APMs'), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide stakeholders with important additional information on the Group. To support this, we have included an accounting policy note on APMs in the notes to this Half Year Financial Report, a glossary setting out the APMs that we use, how we use them, an explanation of how they are calculated, and a reconciliation of the APMs to the statutory results, where relevant. See notes one and 21 for further details.

Enquiries:

Martyn Coffey	Chief Executive	Marshalls plc	+44 (0)1422 314777
Justin Lockwood	Chief Financial Officer		+44 (0)1422 314777
Tim Rowntree		MHP Communications	+44 (0)20 3128 8540
Charlie Barker			+44 (0)20 3128 8147

Introduction

The first half of 2023 has been challenging for the Group. A weak macro-economic backdrop has impacted the Group's key end markets, resulting in a reduction in sales volumes, revenues, and profitability. In response, management has taken decisive action to improve agility, reduce capacity, take cost out of the business, and manage cash. These actions have resulted in a leaner business that is well positioned for when its end markets improve.

Market overview

Following the disposal of the Group's business in Belgium in April 2023, Marshalls is solely focused on the UK construction market. The Board estimates that around 40 per cent of the Group's revenues are derived from new build housing and 40 per cent from commercial & infrastructure end markets. The remaining revenues of around 20 per cent are focused on private housing repair, maintenance and improvement ('RMI') and around 12 percentage points of this comes from driveway and patio products with the balance of eight percentage points from less discretionary products.

The UK economy deteriorated progressively during 2022 driven by significant cost inflation, successive base rate increases and falling real wages, all of which put unprecedented pressure on household budgets and reduced demand for new build housing. The Bank of England has continued its cycle of tightening base rates in 2023 and gilt rates have increased due to concerns about the persistent high rate of core inflation. As a result of this, the price of fixed rate mortgages is around double the level of a year ago putting affordability under pressure and causing a fall in house prices. Despite these factors, the economy has been more resilient than originally expected by economic commentators and has avoided a technical recession to date. It is now expected to report modest growth for the year as a whole. Consumer confidence has improved from the low point reported in the second half of 2022, but it remains weak with the benefit of material reductions in inflation and energy bills yet to be felt in household budgets. The prospect of higher mortgage rates when borrowers move onto new deals is also a factor for concern.

The UK's housebuilders have responded to weaker demand for new housing, arising from higher mortgage rates, by slowing build programmes. In addition, subdued consumer confidence has resulted in a weaker environment for major purchases and this, together with higher interest rates, has resulted in lower levels of activity in the private housing RMI market. These challenges in two of our key end markets have impacted the performance of the business in the first half of the year. The Construction Products Association ('CPA') reduced its forecast for construction activity during the first half of the year and its summer forecast anticipates a contraction in activity of seven per cent in 2023, with reductions of 19 per cent and 11 per cent in new build housing and private housing RMI, respectively. The CPA also forecasts that the construction industry will return to growth of one per cent in 2024 as the macro-economic environment improves.

Looking further ahead, the Board believes that the UK construction market continues to have attractive medium and long-term growth prospects driven by the structural deficit in new housebuilding, an ageing housing stock that requires increased repair and maintenance, and the need to continue to improve UK infrastructure. The Group's strategy is underpinned by its strong market positions, established brands and focused investment plans to drive ongoing operational improvements.

Group results

The Group reported a two percent increase in revenue including the benefit of an additional four-month contribution from the acquisition of Marley, offset by the impact of the weaker macro-economic environment on market demand.

£'m	H1 2023	H1 2022	Change (%)
Revenue	**354.1**	348.4	2%
Adjusted net operating costs	**(312.2)**	(300.4)	4%
Adjusted operating profit	**41.9**	48.0	(13%)
Adjusted financial expenses	**(8.7)**	(3.4)	156%
Adjusted profit before taxation	**33.2**	44.6	(26%)
Adjusted taxation	**(7.7)**	(8.6)	10%
Adjusted profit after taxation	**25.5**	36.0	(29%)
Adjusted EPS - pence	**10.2**	16.4	(38%)
Interim dividend - pence	**2.6**	5.7	(54%)

£'m	**H1 2023**	H1 2022	Change (%)
Adjusted operating profit	**41.9**	48.0	(13%)
Adjusting items	**(15.1)**	(20.7)	(27%)
Operating profit	**26.8**	27.3	(2%)
Finance costs	**(10.1)**	(3.4)	197%
Profit before taxation	**16.7**	23.9	(30%)
EPS - pence	**5.2**	7.9	(32%)

Group revenue for the six months ended 30 June 2023 was £354.1 million (H1 2022: £348.4 million) which is two per cent higher than 2022 and includes the contribution of four additional months of revenue from Marley. On a like-for-like basis, Group revenue contracted by 13 per cent, with lower revenues in all reporting segments and a particularly weak performance from Marshalls Landscape Products.

Group adjusted operating profit was £41.9 million, which is 13 per cent lower than 2022 reflecting the benefit of an additional four-month contribution from Marley offset by reduction in profitability in the Group's other reporting segments. Group adjusted operating margin reduced by 2.0 percentage points to 11.8 per cent (2022: 13.8 per cent) and reflects the benefit of Marley's structurally higher margins, offset by margin compression due to weaker volumes and the consequent impact on operational leverage. Selling price increases have broadly offset input cost inflation during the first half of the year in a more competitive marketplace. Management has taken decisive action to improve our agility, reduce capacity, take cost out of the business, and manage cash. This necessitated the closure of the Group's factory in Carluke, a reduction in shifts and capacity in other facilities, and a reorganisation of the Marshalls commercial team focused on simplifying the business. Regrettably, these changes are expected to result in a reduction of approximately 250 roles and will deliver annualised savings of around £9 million, with around 40 per cent of this benefit being delivered in 2023. The Board has reduced its capital expenditure plans without impacting critical projects, is executing a programme of surplus land disposals, and has continued to focus on efficient working capital management in order to reduce the Group's net debt.

The statutory operating profit is stated after adjusting items totalling £15.1 million as summarised in the following table, further details are set out at note 4.

£'m	**H1 2023**	H1 2022
Amortisation of intangible assets arising on acquisitions	**5.2**	2.1
Restructuring costs and asset impairment charges	**9.3**	-
Contingent consideration	**1.2**	-
Disposal of Marshalls NV	**(0.6)**	-
Transaction related costs	-	14.7
Fair value adjustment to inventory	-	3.9
Adjusting items within operating profit	**15.1**	20.7
Adjusting items within financial expenses	**1.4**	-
Adjusting items within profit before taxation	**16.5**	20.7

Adjusting items in 2023 principally comprise the amortisation of intangible assets arising on the acquisition of subsidiary undertakings of £5.2 million (H1 2022: £2.1 million) and restructuring costs of £9.3 million (H1 2022: zero). The restructuring costs comprise redundancy costs, impairment charges and other expenses arising from the decisive action taken in the first half of the year in response to the challenging market conditions. This includes £5.2 million of non-cash charges and £4.1 million of cash costs. The contingent consideration charge reflects an increase in the expected payments in respect of the acquisition of Viridian Solar based on the strong performance of that business. The disposal of Marshalls NV on 13 April 2023 resulted in a profit on disposal of £0.6 million. Details of the adjusting items arising in H1 2022 are set out at note 4.

Net financial expenses were £10.1 million (H1 2022: £3.4 million) and £8.7 million after adding back adjusting items (H1 2022: £3.4 million). The expense comprises financing costs associated with the Group's bank borrowings of £7.1 million (H1 2022: £2.3 million), IFRS 16 lease interest of £1.3 million (H1 2022: £1.1 million) and a pension related expense of £1.7 million (H1 2022: £nil million). The pensions related expense includes a non-cash, one-off accounting charge of £1.4 million arising from the Board's decision to augment the benefits of certain pensioners who would have otherwise suffered hardship due to a reduction in pension payments following a review to correct historical benefit issues (see notes 4 and 5 for further details). The increase in financial expenses after adding back adjusting items in the period reflects the impact of a full six months of the

additional debt financing used to part-fund the acquisition of Marley and the increase in base rates.

Adjusted profit before tax was £33.2 million (H1 2022: £44.6 million). Statutory profit before tax was £16.5 million lower than the adjusted result at £16.7 million (H1 2022: £23.9 million), reflecting the impact of the adjusting items. The adjusted effective tax rate was 23.2 per cent (H1 2022: 19.1 per cent), which is broadly in-line with the composite UK headline corporation tax rate for 2023. On a reported basis, the effective tax rate is 22.8 per cent. Adjusted earnings per share was 10.2 pence (H1 2022: 16.4 pence), which is a 38 per cent reduction year-on-year reflecting the weaker profitability and the increase in the headline rate of corporation tax. Reported earnings per share was 5.2 pence (H1 2022: 7.9 pence), which is lower than the adjusted number due to the adjusting items and their tax effect.

Segmental performance

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

£'m	**H1 2023**	H1 2022	Change (%)
Marshalls Landscape Products	**15.4**	30.0	(49%)
Marshalls Building Products	**8.4**	13.0	(35%)
Marley Roofing Products	**22.0**	8.6	156%
Central costs	**(3.9)**	(3.6)	8%
Adjusted operating profit	**41.9**	48.0	(13%)

Marshalls Landscape Products

Marshalls Landscape Products, which comprises the Group's Commercial and Domestic landscape business, Landscape Protection and the international businesses, delivered revenue of £174.1 million (H1 2022: £216.9 million), which represents a contraction of 20 per cent compared to 2022. On a like-for-like basis, adjusting for the disposal of Marshalls NV which was sold in April 2023, revenue contracted by 18 per cent.

£'m	**H1 2023**	H1 2022	Change (%)
Revenue	**174.1**	216.9	(20%)
Segment operating profit	**15.4**	30.0	(49%)
Segment operating margin %	***8.8%***	*13.8%*	*(5.0ppts)*

This reporting segment derives around 40 per cent of its revenues from commercial & infrastructure and approximately 30 per cent from new build housing and 30 per cent from private housing RMI. Whilst commercial & infrastructure remains robust, the business has been impacted by lower new build housing and continued weakness in private housing RMI activity driven by the discretionary nature of our domestic products, weak consumer confidence, product price inflation and lower real incomes. Installer order books at the end of June 2023 increased to 16.7 weeks (February 2023: 14.7 weeks; June 2022: 17.4 weeks), which remains higher than pre COVID-19 levels and demonstrates continued demand for professional installations. However, levels of DIY activity remain subdued. These factors resulted in UK domestic revenues being down by around 25 percent year-on-year, which is a continuation of the trends reported from the second quarter of 2022. Revenues of commercially focused products were more robust with a contraction of eight per cent where a stronger commercial & infrastructure performance was offset by weakness in new build housing.

Segment operating profit reduced by £14.6 million to £15.4 million. This was driven by the combined effect of lower volumes on gross profit and a reduction in the operational efficiency of the manufacturing network due to reduced production volumes. In addition, the market price for Indian sandstone contracted during the period, due to overstocking in the supply chain and a normalisation of freight rates, resulting in a combination of compressed or negative margins that impacted the result by around £2.8 million. Management took further decisive action to reduce capacity to align to market demand, simplify operating structures and reduce the cost base. Taken together, these actions reduced net operating costs by around £7.4 million on an annualised basis, of which around £2.7 million is expected to be realised in 2023. The cost associated with this action has been presented as an adjusting item (see note 4). The fall in volumes together with the impact of Indian sandstone pricing resulted in segment operating margins reducing by 5.0 ppts to 8.8 ppts for the year.

Marshalls Building Products
Marshalls Building Products comprises the Group's Civils and Drainage, Bricks and Masonry, Mortars and Screeds and Aggregates businesses. Revenue in this reporting segment reduced by nine per cent year-on-year to £87.2 million.

£'m	H1 2023	H1 2022	Change (%)
Revenue	**87.2**	95.9	(9%)
Segment operating profit	**8.4**	13.0	(35%)
Segment operating margin %	***9.6%***	*13.6%*	*(4.0ppts)*

This reporting segment generates around 60 per cent of its revenues from new build housing, around 30 per cent from commercial & infrastructure, with the balance being derived from private housing RMI. The exposure of this reporting segment to new build housing had an impact on its performance during the year. The strongest performances in the segment were delivered by Bricks and Masonry and Mortars and Screeds where revenues were broadly in-line with 2022, which was offset by a weaker performance in Civils and Drainage and Aggregates where business volumes are more strongly correlated to new housing starts.

Segment operating profit contracted by £4.6 million to £8.4 million. This was driven by the impact of lower volumes on both gross margins and the operational efficiency of the factories due to reduced production volumes. Management has taken action to reduce manufacturing capacity through changes to shifts in certain facilities and removed around £1.6 million from the cost base, of which £0.9 million is expected to be realised in 2023. Segment operating margin reduced by four ppts to 9.6 per cent reflecting the impact of lower volumes on profitability.

Marley Roofing Products
Revenue for the reporting segment increased by £57.2 million including the four additional months that were consolidated in 2023, however, on a like-for-like basis Marley's revenues were seven per cent lower than the first half of 2022.

£'m	H1 2023	H1 2022	Change (%)
Revenue	**92.8**	35.6	161%
Segment operating profit	**22.0**	8.6	156%
Segment operating margin %	***23.7%***	*24.2%*	*(0.5ppts)*

Approximately 40 per cent of Marley's revenues are generated from new build housing and 40 per cent from commercial & infrastructure (including public housing RMI) with the balance of around 20 per cent from private housing RMI. The challenging market backdrop resulted in a reduction in like-for-like revenues of seven per cent, with weaker volumes of traditional roofing partially offset by revenue growth from Viridian Solar, which benefitted from the trend towards energy efficient solutions in the face of higher energy prices and the start of the impact of changes to building regulations.

Segment operating profit in the period was £22.0 million, which was £13.4 million higher than the £8.6 million included in the Group results in the first half of 2022. However, this represents a reduction of 12 per cent compared to the corresponding period in 2022, which includes four months of operating profit that were not included in the Group results. This reduction in profitability was driven by weaker volumes of traditional roofing products partially offset by growing profitability from Viridian Solar. In early July, management took action to reduce costs and capacity by mothballing certain assets to manage working capital levels. Segment operating margin has remained strong at 23.7%, representing a year-on-year reduction of 0.5 ppts.

Strategy update

Strategy
The Board has reviewed and refreshed the Group's strategy during the first half of the year. It expects the refreshed strategy to ensure that the Group is well positioned for when markets normalise and to support the delivery of growth ahead of the UK construction market as structural under investment in the Group's key end markets is addressed. This strategy and the actions that the Board has taken to manage the current downturn are expected to support a recovery of operating margins and ROCE to around 15 per cent when volumes normalise. The Board targets converting 85 to 90 per cent of EBITDA into operating cash flow, which will enable a clear focus on capital allocation priorities.

The Board has defined the following key objectives and is developing operating strategies in each of its businesses that will be aligned to deliver them.

1. Obtain and deliver specifications for our products and systems to grow revenues and profitability.
2. Innovate and optimise products and solutions.
3. Improve our cost effectiveness, capital efficiency and flexibility.
4. Operate in an environment where safety and people are a key priority.
5. Be easy to work with.

To obtain and deliver specifications for our products and systems to grow revenues and profitability.
The aim is to create pull demand for our products and systems through securing specifications in order to optimise our market share and grow our contribution margin.

Landscape Products secures pull demand for its products by working with specifiers during design phases of commercial contracts and through the Marshalls Register of domestic installers and visualisation software for domestic projects. Within Building Products, the Drainage business generates demand for its end-to-end integrated water management and retaining wall solutions, with established partnerships with clients and collaborators alike, including National Highways, Network Rail and the Environment Agency. This is underpinned by a design and manufacture system that is well regarded by civils specifiers. Activity in Bricks & Masonry is targeted at demand generation from UK house builders who increasingly recognise the value offered by concrete bricks with lower embodied carbon. The business also achieves specification projects for walling solutions in a variety of commercial projects and applications.

Roofing Products leverages the breadth of its product range to provide full roof system specifications including tiles, battens, accessories and increasingly roof-integrated solar, that are supported by a 15-year warranty. Viridian Solar provides site layout and solar design services for roof-integrated solar systems being supplied into new build housing, which secures the specification of our products.

To innovate and optimise products and solutions.
The aim is to improve our product mix through new product development and to generate competitive advantage through innovation in products and solutions, with a particular emphasis on reducing embodied carbon.

The commissioning of the dual block plant at St Ives is well underway and it is now producing saleable products. When fully commissioned, this plant will be able to manufacture a wide range of innovative paving products with a significantly lower carbon footprint than imported products. The business is simplifying its paving product range with the twin aims of refreshing the customer product proposition and reducing manufacturing and stock holding complexity. Viridian Solar has launched a new range of more powerful solar panels that have been well received by our customers and are introducing a range of solar-system add-ons including EV chargers and inverters. In addition, the business has launched ArcBox, an award-winning fire safety enclosure and mounting brackets for use with pitched and flat roof solar mounting systems.

The Group's product innovation is underpinned by developments on products that have a lower embodied carbon: utilising cement replacement and carbon sequestration techniques. The Group was the first pre-cast concrete manufacturer in the UK to adopt CarbonCure Technologies' carbon mineralisation technology that uses waste CO_2 from other industrial processes to accelerate the carbonation of concrete, effectively reducing the embodied carbon. This was successfully trialled during the first half of 2023 in one of our concrete brick manufacturing sites.

Commercialising our ESG credentials is a key priority for the business and a cornerstone of this is the introduction of Environmental Product Declarations ('EPDs'), which are a valuable tool for making more sustainable choices in construction. They provide clear and transparent information on the environmental impact of different products and materials. The Group now has EPDs for over 80 percent of its standard product portfolio, ensuring that architects, engineers, and builders are able to specify the most appropriate products from our ranges. Work is underway to ensure that EPDs are available for the entire standard product portfolio by the end of 2023.

To improve our cost effectiveness, capital efficiency and flexibility.
The aim is to deliver our cost base optimisation programme and build a more variable cost base that allows the Group to flex volumes up and down in-line with customer demand. The Group will also effectively manage capital expenditure to focus on maximising returns from efficiency and strategic projects alongside optimising investment in working capital.

Management has executed several restructuring actions in the first half of the year to reduce our manufacturing capacity and to simplify the Group, which have delivered annualised cost savings of approximately £9 million. The need to reduce our capacity and cost base in the short term has been balanced with the flexibility to increase production rapidly when demand improves. Latent capacity exists across all reporting segments that can be reactivated to satisfy materially higher demand than that being experienced in 2023. Capital expenditure plans in 2023 have been reduced to focus on maintaining the existing capital base, investment to implement lower cost mixes for concrete block paving and completing the dual block plant. Management is also working with colleagues to develop more flexibility in our labour model, that will be based on both seasonality of production and unexpected demand changes.

The operational integration of Marley continues to make progress under the guidance of the Marshalls' Group team, with continuous and sustainable improvement being the objective. As previously reported, attraction of skilled labour, structured performance management and targeted equipment refurbishment remain the focus areas. The direction of travel therefore is unchanged, albeit volume reduction in the marketplace has resulted in short term prioritisation of cost management. We have now fully embedded the procurement, technical and safety teams into Group both from a people and process perspective. Finally, we now have sight of the ESG requirements for Marley and are currently building plans to deliver the necessary projects and targets.

To operate in an environment where safety and people are key priorities.
The Group will continue to focus on ensuring the work environment is safe for our people. Management will create plans that foster a culture and environment of diversity, equity, respect, inclusion, and engagement across the Group.

The Board has always had a clear roadmap of activity regarding keeping colleagues safe and, in-line with the Group's principles, we adopt a continuous improvement philosophy in this key area. In the first half of the year objectives and goals were refreshed and a renewed strategy was launched with a revamped roadmap. This ensures we keep things fresh and front of mind when it comes to the health and safety of the Group's people.

The Board's commitment to invest in our people and hearing their voice continued in the first half of the year. The Employee Voice Group continues to work with HR and senior leadership to develop policy and practice as well as providing strong channels of feedback. The Group's Code of Conduct was refreshed and roll out commenced at the beginning of June with associated training. Management has continued to support apprenticeships and to provide access to learning and development opportunities.

To be easy to work with.
The aim is to improve the customer experience by simplifying process and touchpoints, particularly through the use of digital technologies.

Management continues to focus on executing its digital strategy, which aims to provide an end-to-end digital offering and to pioneer digital standards for the industry. This includes shifting transactions onto electronic trading including its ordering app, EDI and dropship. Dropship is being used to extend the availability of product ranges to customers across the board. In addition to this, visualisation software and paving installer technology have been developed alongside the dropship offering which will be launched for installers, merchants, architects and specifiers. This technology brings customers closer to the Group's products and allows them and the end consumer to better understand and visualise how these fit into wider domestic or commercial projects. In Roofing Products, a digital channel to sell a range of products including solar and system additions (including inverters and EV chargers), weatherboard and roofing accessories direct to the end user, will be launched in the third quarter of the year. Work continues and remains on track to move the Marshalls ERP system to the cloud whilst simplifying, digitising and automating processes through the course of this project.

Disposal of Marshalls NV
The Group successfully completed the disposal of its former Belgian subsidiary in April 2023, which leaves the Group focused on the UK construction market. This business contributed revenue of £21 million and a loss before taxation of £1.1 million in 2022. In the period until the disposal on 13 April 2023, the business generated revenue of £5.0 million and a loss before taxation of £0.6 million. The sale resulted in a profit on disposal of £0.6 million, which has been reported as an adjusting item (see note 4).

Balance sheet, cash flow and funding

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

£'m	June 2023	June 2022	December 2022
Goodwill and intangible assets	**556.6**	550.9	559.7
Property, plant & equipment and right-of-use assets	**298.6**	324.3	303.5
Net working capital	**119.7**	140.6	109.7
Net pension asset	**26.1**	43.7	22.4
Deferred tax	**(89.4)**	(93.8)	(89.4)
Other net balances	**(1.0)**	(7.6)	(8.2)
Total capital employed	**910.6**	958.1	897.7
Pre-IFRS 16 net debt	**(184.6)**	(208.2)	(190.7)
Leases	**(45.4)**	(44.1)	(45.9)
Net assets	**680.6**	705.8	661.1

Total capital employed at June 2023 was £910.6 million, which represents an increase of £12.9 million compared to the December 2022. This increase principally arises from higher working capital balances of £10.0 million driven by seasonal trading patterns, although this was more modest than in 2022 (increase of £37 million) due to proactive management of inventories and weaker revenues.

The balance sheet value of the Group's defined benefit pension scheme was a surplus of £26.1 million (June 2022: £43.7 million; December 2022: £22.4 million). The amount has been determined by the Scheme's pension adviser. The fair value of the Scheme assets at June 2023 was £245.2 million (June 2022: £306.1 million; December 2022: £254.9 million) and the present value of the Scheme liabilities was £219.1 million (June 2022: £262.4 million; December 2022: £232.5 million). These changes, which include the finalisation of certain historical benefit issues (see note 4), resulted in an actuarial gain, net of deferred taxation, of £4.0 million (H1 2022: £13.5 million, December 2022: £2.3 million) and this has been recorded in the Condensed Statement of Comprehensive Income. The Scheme's actuarial valuation as at 5 April 2021 was a surplus of £24.3 million, on a technical provisions basis, and the Company has agreed with the Trustee that no cash contributions are payable under the funding plan.

Adjusted return on capital employed ('ROCE') was 10.6 per cent (H1 2022: 13.4 per cent; FY 2022: 13.3 per cent) on an annualised basis, with the year-on-year reduction due to the weaker trading performance. We expect adjusted ROCE to increase in the medium term to around 15 per cent as volumes recover and we benefit from operational leverage.

Operating cash flow conversion on an annualised basis at June 2023 was 105 per cent of adjusted EBITDA (June 2022: 60 per cent; December 2022: 91 per cent) which demonstrates the cash generative nature of the Group's businesses. The proactive management of working capital in the first half of the year combined with the planned reduction in capital expenditure resulted in a reduction in pre-IFRS16 net debt of £6.1 million in the period.

The Group had net debt of £230.0 million at June 2023 (June 2022: £252.3 million; December 2022: £236.6 million), including £45.4 million (June 2022: £44.1 million; December 2022: £45.9 million) of IFRS 16 lease liabilities. Net debt on a pre-IFRS16 basis was £184.6 million with a reduction of £23.6 million since June 2022 (June 2022: £208.2 million; December 2022: £190.7 million). The Group extended the term of £350 million of its syndicated debt facility by 12 months to April 2027 during the first half of the year, further improving the security of its medium-term debt funding. Net debt to EBITDA was 1.6 times at June 2023 on an adjusted pre-IFRS16 annualised basis (December 2022: 1.4 times). Headroom against the bank facility at June 2023 was £117.5 million and the covenants were comfortably met at this date.

Dividend

The Group maintains a dividend policy of distributions covered twice by adjusted earnings. The Board has declared an interim dividend of 2.6 pence per share, which is 54 per cent lower than 2022 (5.7 pence).This reflects the weaker financial performance of the business and the application of the Group's dividend policy to maintain two times cover of adjusted profit after taxation and pay one third of the expected full year dividend at the interim stage. The dividend will be paid on 1 December 2023 to shareholders on the register at the close of business on 20 October 2023. The shares will be marked ex-dividend on 19 October 2023.

Outlook
The challenging trading environment is expected to persist in the second half of the year and into 2024. Against this backdrop, the Board will continue to focus on actions to minimise cost, improve agility and control cash flows alongside ensuring the business is well positioned to respond when the Group's end markets start to recover. The Board remains confident that these actions, together with the long-term market growth drivers and a focus on executing its key strategic initiatives, will underpin a material improvement in profitability when market conditions normalise.

Martyn Coffey
Chief Executive

Condensed consolidated income statement
For the period ended 30 June 2023

	Notes	**Unaudited six months ended June 2023 £'m**	Unaudited six months ended June 2022 £'m	Audited Year ended December 2022 £'m
Revenue	2	**354.1**	348.4	719.4
Net operating costs	3	**(327.3)**	(321.1)	(671.5)
Operating profit	2	**26.8**	27.3	47.9
Net financial expenses	5	**(10.1)**	(3.4)	(10.7)
Profit before tax		**16.7**	23.9	37.2
Income tax expense	6	**(3.8)**	(6.5)	(10.7)
Profit for the financial period		**12.9**	17.4	26.5
Profit for the year attributable to:				
Equity shareholders of the Parent		**13.1**	17.2	26.8
Non-controlling interests		**(0.2)**	0.2	(0.3)
Profit for the financial period		**12.9**	17.4	26.5
Earnings per share				
Basic	7	**5.2p**	7.9p	11.4p
Diluted	7	**5.2p**	7.9p	11.3p
Dividend				
Pence per share	8	**2.6p**	9.6p	15.6p

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

	Notes	**Unaudited six months ended June 2023 £'m**	Unaudited six months ended June 2022 £'m	Audited Year ended December 2022 £'m
Operating profit				
Operating profit		**26.8**	27.3	47.9
Adjusting items	4	**15.1**	20.7	53.2
Adjusted operating profit		**41.9**	48.0	101.1
Profit before tax				
Profit before tax		**16.7**	23.9	37.2
Adjusting items	4	**16.5**	20.7	53.2
Adjusted profit before tax		**33.2**	44.6	90.4
Profit after tax				
Profit for the financial period		**12.9**	17.4	26.5
Adjusting items (net of tax)	4	**12.6**	18.6	46.8
Adjusted profit after tax		**25.5**	36.0	73.3
Earnings per share after adding back adjusting items				
Basic	7	**10.2p**	16.4p	31.3p
Diluted	7	**10.1p**	16.4p	31.1p

Condensed consolidated statement of comprehensive income
For the period ended 30 June 2023

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited Year ended December 2022 £'m
Profit for the financial year	**12.9**	17.4	26.5
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Re-measurements of the net defined benefit surplus	**5.4**	18.0	(3.1)
Deferred tax arising	**(1.4)**	(4.5)	0.8
Total items that will not be reclassified to the Income Statement	**4.0**	13.5	(2.3)
Items that are or may in the future be reclassified to the Income Statement:			
Effective portion of changes in fair value of cash flow hedges	**2.6**	2.5	5.7
Fair value of cash flow hedges transferred to the Income Statement	**-**	(1.6)	(2.8)
Deferred tax arising	**(0.5)**	0.5	(0.7)
Reclassification on sale of subsidiary	**(0.6)**	-	-
Exchange difference on retranslation of foreign currency net investment	**0.2**	0.3	0.6
Exchange movements associated with borrowings designated as a hedge against net investment	**(0.2)**	(0.1)	(0.3)
Foreign currency translation differences – non-controlling interests	**-**	-	-
Total items that are or may be reclassified to the Income Statement	**1.5**	1.6	2.5
Other comprehensive income for the period, net of income tax	**5.5**	15.1	0.2
Total comprehensive income for the period	**18.4**	32.5	26.7
Attributable to:			
Equity shareholders of the Parent	**18.4**	32.3	26.9
Non-controlling interests	**-**	0.2	(0.2)
	18.4	32.5	26.7

Condensed consolidated balance sheet
As at 30 June 2023

	Notes	**Unaudited June 2023 £'m**	Unaudited June 2022 £'m	Audited December 2022 £m
Assets				
Non-current assets				
Goodwill	9	**324.4**	308.8	322.6
Intangible assets	10	**232.2**	242.1	237.1
Property, plant and equipment	11	**256.4**	285.4	266.5
Right-of-use assets		**42.2**	38.9	37.0
Employee benefits	12	**26.1**	43.7	22.4
Deferred taxation assets		**0.9**	2.6	1.3
		882.2	921.5	886.9
Current assets				
Inventories		**141.6**	149.4	138.8
Trade and other receivables		**132.3**	151.4	123.3
Cash and cash equivalents		**65.4**	78.3	56.3
Assets classified as held for sale		**1.3**	-	-
Derivative financial instruments		**6.4**	1.5	3.6
		347.0	380.6	322.0
Total assets		**1,229.2**	1,302.1	1,208.9
Liabilities				
Current liabilities				
Trade and other payables		**154.2**	160.2	152.4
Corporation tax		**0.6**	3.2	2.1
Lease liabilities	13	**8.3**	8.7	9.8
Provisions		**2.9**	-	3.0
		166.0	172.1	167.3
Non-current liabilities				
Lease liabilities	13	**37.1**	35.4	36.1
Interest-bearing loans and borrowings	14	**250.0**	286.5	247.0
Provisions		**5.2**	5.9	6.7
Deferred taxation liabilities		**90.3**	96.4	90.7
		382.6	424.2	380.5
Total liabilities		**548.6**	596.3	547.8
Net assets		**680.6**	705.8	661.1
Equity				
Capital and reserves attributable to equity shareholders of the Parent				
Called-up share capital		**63.2**	63.2	63.2
Share premium & merger reserve		**341.6**	341.6	341.6
Capital redemption reserve & consolidation reserve		**(137.7)**	(137.7)	(137.7)
Other reserves		**4.1**	1.1	2.0
Retained earnings		**409.4**	436.4	391.2
Equity attributable to equity shareholders of the Parent		**680.6**	704.6	660.3
Non-controlling interests		**-**	1.2	0.8
Total equity		**680.6**	705.8	661.1

Condensed consolidated cash flow statement
For the period ended 30 June 2023

	Notes	**Unaudited six months ended June 2023 £'m**	Unaudited six months ended June 2022 £'m	Audited Year ended December 2022 £'m
Cash generated from operations	17	**38.8**	12.6	106.8
Financial expenses paid		**(6.8)**	(2.8)	(9.9)
Income tax paid		**(8.2)**	(8.0)	(11.6)
Net cash flow from operating activities	17	**23.8**	1.8	85.3
Cash flows from investing activities				
Acquisition of subsidiary undertaking		**(3.0)**	(86.2)	(86.2)
Acquisition of property, plant and equipment		**(9.2)**	(7.4)	(27.8)
Acquisition of intangible assets		**(1.2)**	(0.4)	(2.3)
Cash outflow from sale of subsidiary		**(1.4)**	-	-
Proceeds from sale of property, plant and equipment		**3.7**	0.2	1.4
Net cash flow from investing activities		**(11.1)**	(93.8)	(114.9)
Cash flows from financing activities				
Net proceeds from issue of share capital		**-**	182.7	182.7
Payments to acquire own shares		**(0.2)**	(1.1)	(1.1)
Payment in respect of share-based payment award		**-**	(1.2)	(1.2)
Repayment of debt on acquisition of subsidiaries		**-**	(292.0)	(292.0)
Repayment of borrowings		**(34.4)**	(57.7)	(97.7)
New loans		**37.4**	303.0	303.5
Cash payment for the principal portion of lease liabilities		**(6.2)**	(4.9)	(11.1)
Equity dividends paid		**-**	-	(38.7)
Net cash flow from financing activities		**(3.4)**	128.8	44.4
Net increase/(decrease) in cash and cash equivalents		**9.3**	36.8	14.8
Cash and cash equivalents at the beginning of the period		**56.3**	41.2	41.2
Effect of exchange rate fluctuations		**(0.2)**	0.3	0.3
Cash and cash equivalents at the end of the period		**65.4**	78.3	56.3

Condensed consolidated statement of changes in equity
for the half year ended 30 June 2023

	Share capital £'m	Share premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2023	**63.2**	**341.6**	**(137.7)**	**2.0**	**391.2**	**660.3**	**0.8**	**661.1**
Total comprehensive income/(expense) for the period								
Profit for the financial period	-	-	-	-	13.1	13.1	(0.2)	12.9
Other comprehensive income/(expense)								
Foreign currency translation differences	-	-	-	-	-	-	-	-
Reclassification on sale of subsidiary	-	-	-	0.3	(0.3)	-	(0.6)	(0.6)
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.6	-	2.6	-	2.6
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	-	-	-	-	-
Deferred tax arising	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Defined benefit plan actuarial gain	-	-	-	-	5.4	5.4	-	5.4
Deferred tax arising	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Total other comprehensive income/(expense)	-	-	-	2.4	3.7	6.1	(0.6)	5.5
Total comprehensive income/(expense) for the period	-	-	-	2.4	16.8	19.2	(0.8)	18.4
Transactions with owners								
Shares issued	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	1.4	1.4	-	1.4
Deferred tax on share-based payments	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Corporation tax on share-based payments	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Own shares issued under share scheme	-	-	-	(0.1)	0.1	-	-	-
Total contributions by and distributions to owners	-	-	-	(0.3)	1.4	1.1	-	1.1
Total transactions with owners	-	-	-	2.1	18.2	20.3	(0.8)	19.5
At 30 June 2023	**63.2**	**341.6**	**(137.7)**	**4.1**	**409.4**	**680.6**	**-**	**680.6**

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

Condensed consolidated statement of changes in equity
for the half year ended 30 June 2022

	Share capital £'m	Share premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2022	**50.0**	**24.5**	**(137.7)**	**0.2**	**406.3**	**343.3**	**1.0**	**344.3**
Total comprehensive income/(expense) for the period								
Profit for the financial period	-	-	-	-	17.2	17.2	0.2	17.4
Other comprehensive income/(expense)								
Foreign currency translation differences	-	-	-	0.2	-	0.2	-	0.2
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.5	-	2.5	-	2.5
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	(1.6)	-	(1.6)	-	(1.6)
Deferred tax arising	-	-	-	0.5	-	0.5	-	0.5
Defined benefit plan actuarial gain	-	-	-	-	18.0	18.0		18.0
Deferred tax arising	-	-	-	-	(4.5)	(4.5)	-	(4.5)
Total other comprehensive income/(expense)	**-**	**-**	**-**	**1.6**	**13.5**	**15.1**	**-**	**15.1**
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**1.6**	**30.7**	**32.3**	**0.2**	**32.5**
Transactions with owners								
Shares issued	13.2	321.8	-	-	-	335.0	-	335.0
Share issue costs	-	(4.7)	-	-	-	(4.7)	-	(4.7)
Share-based payments	-	-	-	-	-	-	-	-
Deferred tax on share-based payments	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Corporation tax on share-based payments	-	-	-	-	0.1	0.1	-	0.1
Purchase of own shares	-	-	-	(1.1)		(1.1)	-	(1.1)
Own shares issued under share scheme	-	-	-	0.4	(0.4)	-	-	-
Total contributions by and distributions to owners	**13.2**	**317.1**	**-**	**(0.7)**	**(0.6)**	**329.0**	**-**	**329.0**
Total transactions with owners	**13.2**	**317.1**	**-**	**0.9**	**30.1**	**361.3**	**0.2**	**361.5**
At 30 June 2022	**63.2**	**341.6**	**(137.7)**	**1.1**	**436.4**	**704.6**	**1.2**	**705.8**

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

Condensed consolidated statement of changes in equity
for the year ended 31 December 2022

	Share capital £'m	Share premium & merger reserve £'m	Capital redemption & consolidation reserves £'m	Other reserves* £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2022	**50.0**	**24.5**	**(137.7)**	**0.2**	**406.3**	**343.3**	**1.0**	**344.3**
Total comprehensive income/(expense) for the period								
Profit for the financial period				-	26.8	26.8	(0.3)	26.5
Other comprehensive income/(expense)	-	-	-	-	-	-	-	-
Foreign currency translation differences	-			0.2	-	0.2	0.1	0.3
Effective portion of changes in fair value of cash flow hedges	-	-	-	5.7	-	5.7		5.7
Net change in fair value of cash flow hedges transferred to the Income Statement	-	-	-	(2.8)	-	(2.8)		(2.8)
Deferred tax arising	-	-	-	(0.7)	-	(0.7)		(0.7)
Defined benefit plan actuarial loss	-	-	-	-	(3.1)	(3.1)		(3.1)
Deferred tax arising	-	-	-	-	0.8	0.8		0.8
Total other comprehensive income/(expense)	**-**	**-**	**-**	**2.4**	**(2.3)**	**0.1**	**0.1**	**0.2**
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**2.4**	**24.5**	**26.9**	**(0.2)**	**26.7**
Transactions with owners								
Shares issued	13.2	321.8		-	-	335.0	-	335.0
Share issue costs	-	(4.7)			-	(4.7)	-	(4.7)
Share-based payments	-	-	-	-	-	-	-	-
Deferred tax on share-based payments	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Corporation tax on share-based payments	-	-	-	-	0.1	0.1	-	0.1
Dividends to equity shareholders					(38.7)	(38.7)	-	(38.7)
Purchase of own shares	-	-	-	(1.0)	-	(1.0)	-	(1.0)
Own shares issued under share scheme	-	-	-	0.4	(0.4)	-	-	-
Total contributions and distributions to owners	**13.2**	**317.1**	**-**	**(0.6)**	**(39.6)**	**290.1**	**-**	**290.1**
Total transactions with owners	**13.2**	**317.1**	**-**	**1.8**	**(15.1)**	**317.0**	**(0.2)**	**316.8**
At 31 December 2022	**63.2**	**341.6**	**(137.7)**	**2.0**	**391.2**	**660.3**	**0.8**	**661.1**

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

Notes to the condensed consolidated financial statements
For the six months year ended 30 June 2023

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. These condensed consolidated interim financial statements should be read in conjunction with the Annual Report and Accounts ('the Annual Report') for the year ended 31 December 2022, which have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). These condensed consolidated interim financial statements were approved for release on 16 August 2023.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Annual Report for the year ended 31 December 2022 were approved by the Board on 15 March 2023 and delivered to the Registrar of Companies. The Annual Report contained an unqualified audit report and did not include an emphasis of matter paragraph or any statement under Section 498 of the Companies Act 2006. The Annual Report is available on the Group's website (www.marshalls.co.uk).

The accounting policies applied to prepare these condensed consolidated interim financial statements are consistent with those applied in the most recent Annual Report for the year ended 31 December 2022.

The Group operates a formal risk management process, the details of which are set out on page 66 of the Annual Report for the year ended 31 December 2022. The risks assessed in preparing these condensed consolidated interim financial statements are consistent with those set out on pages 69 to 75 of the Annual Report and an update on those risks is set out at note 22 of this report.

Going concern

In assessing the appropriateness of the adopting the going concern basis in the preparation of this Half Year Financial Report, the Board has considered the Group's financial forecasts and its principal risks for a period of at least 12 months from the date of this report. The forecasts included projected profit and loss, balance sheet, cash flows, headroom against debt facilities and covenant compliance. As noted above, the Group's principal risks are set out in the 2022 Annual Report and Accounts and an update is included in this report.

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

Details of the Group's funding position are set out in note 14. The Group arranged a four-year syndicated bank facility in April 2022 and exercised a one-year extension option in June 2023, which extended £350 million of funding to April 2027. At 30 June 2023, £117.5 million of the facility was undrawn (June 2022: £80.2 million undrawn), which is broadly in-line with December 2022 (£120.1 million undrawn) despite the Group's seasonal increase in working capital requirements. There are two financial covenants in the bank facility that are tested on a semi-annual basis and the Group maintains good cover against these with pre-IFRS 16 net debt to EBITDA of 1.6 times (covenant maximum of three times) and interest cover of 7.8 times (covenant minimum of three times).

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

Alternative performance measures and adjusting items

The Group uses alternative performance measures ("APMs") which are not defined or specified under IFRS. The Group believes that these APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide additional comparative information. A glossary

setting out the APMs that the Board use, how they are used, an explanation of how they are calculated, and a reconciliation of the APMs to the statutory results, where relevant is set out at note 21.

Adjusting items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. The adjusted results should not be regarded as a complete picture of the Group's financial performance, which is presented in the total results. Details of the adjusting items are disclosed in note four and note 21.

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

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

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

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

- In arriving at the accounting value of the Group's defined benefit pension scheme, key assumptions have to be made in respect of factors including discount rates and inflation rates. These are determined on the basis of advice received from a qualified actuary. These estimates may be different to the actual outcomes. See further information in note 12.
- The carrying value of goodwill is reviewed on an annual basis in accordance with IAS36. This review requires the use of cash flow projections based on a financial forecast that are discounted at an appropriate market-based discount rate. The assumption on the market-based discount rate is determined based on the advice of the Group's financial advisor. The actual cash flows generated by the business may be different to the estimates included in the forecasts. See further information in note nine.

2. Segmental analysis

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

Segment revenues and operating profit

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Revenue			
Landscape Products	**174.1**	216.9	394.1
Building Products	**87.2**	95.9	193.1
Roofing Products	**92.8**	35.6	132.2
Revenue	**354.1**	348.4	719.4
Operating profit			
Landscape Products	**15.4**	30.0	45.3
Building Products	**8.4**	13.0	26.8
Roofing Products	**22.0**	8.6	34.4
Central costs	**(3.9)**	(3.6)	(5.4)
Segment operating profit	**41.9**	48.0	101.1
Adjusting items (see note 4)	**(15.1)**	(20.7)	(53.2)
Reported operating profit	**26.8**	27.3	47.9

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

Segment assets

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Segment assets			
Landscape Products	**243.9**	277.2	260.5
Building Products	**152.9**	153.8	148.4
Roofing Products	**600.0**	593.6	593.1
Unallocated assets	**232.4**	277.5	206.9
Total	**1,229.2**	1,302.1	1,208.9

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

Capital additions

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Capital additions			
Landscape Products	**12.0**	14.0	37.1
Building Products	**3.1**	2.2	4.6
Roofing Products	**4.5**	0.5	2.0
Total	**19.6**	16.7	43.7

Capital additions comprise property, plant and equipment (£7.7 million), right-of-use assets (£10.7 million) and intangible assets (£1.2 million).

Depreciation and amortisation

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Depreciation and amortisation			
Landscape Products	**10.1**	10.6	22.3
Building Products	**4.7**	5.3	8.8
Roofing Products	**2.1**	0.4	3.8
Segment depreciation and amortisation	**16.9**	16.3	34.9
Adjusting items	**5.2**	2.1	7.4
Depreciation and amortisation	**22.1**	18.4	42.3

Depreciation and amortisation includes £5.2 million of amortisation of intangible assets arising from the purchase price allocation exercises (six months ended June 2022: £2.1 million; year ended December 2022: £ 7.4 million) comprising £0.1 million (six months ended June 2022: £0.1 million; year ended December 2022: £0.1 million) in Landscape Products, £0.6 million in Building Products (six months ended June 2022: £0.6 million; year ended December 2022: £1.1 million) and £4.5 million in Roofing Products (six months ended June 2022: £1.4 million; year ended December 2022: £6.2 million). The amortisation has been treated as an adjusting item (note 4).

Geographical destination of revenue

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
United Kingdom	**344.3**	328.8	687.9
Rest of World	**9.8**	19.6	31.5
	354.1	348.4	719.4

The Group's revenue is subject to seasonal fluctuations resulting from demand from customers. In particular, demand is higher in the summer months. The Group manages the seasonal impact through the use of its revolving credit facility.

3. Net operating costs

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Raw materials and consumables	**128.2**	153.5	267.3
Changes in inventories of finished goods and work in progress	**(3.4)**	(20.5)	6.6
Personnel costs	**78.3**	74.9	155.5
Depreciation of property, plant and equipment	**10.9**	10.1	21.8
Depreciation of right-of-use assets	**5.1**	5.3	11.3
Amortisation of intangible assets	**0.9**	0.9	1.8
Own work capitalised	**(1.3)**	(1.7)	(3.1)
Other operating costs	**95.7**	78.9	159.8
Redundancy and other costs	**-**	0.5	0.5
Operating costs	**314.4**	301.9	621.5
Other operating income	**(1.5)**	(1.1)	(2.0)
Net gain on asset and property disposals	**(0.7)**	(0.4)	(1.2)
Net operating costs before adjusting items	**312.2**	300.4	618.3
Adjusting items (note 4)	**15.1**	20.7	53.2
Total net operating costs	**327.3**	**321.1**	**671.5**

4. Adjusting items

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Amortisation of intangible assets arising on acquisitions	**5.2**	2.1	7.4
Redundancy and other closure costs	**4.5**	-	4.1
Impairment of property, plant and equipment	**4.8**	-	8.8
Contingent consideration	**1.2**	-	3.9
Disposal / impairment of assets in Belgian subsidiary	**(0.6)**	-	10.2
Transaction related costs	**-**	14.7	14.9
Unwind of inventory fair value adjustment	**-**	3.9	3.9
Total adjusting items within operating profit	**15.1**	20.7	53.2
Adjusting item in interest expense	**1.4**	-	-
Total adjusting items before taxation	**16.5**	20.7	53.2
Current tax on adjusting items (note 6)	**(1.0)**	(0.8)	(1.6)
Deferred tax on adjusting items (note 6)	**(2.9)**	(1.3)	(4.8)
Total adjusting items after taxation	**12.6**	18.6	46.8

- Amortisation of intangible assets arising on acquisitions is principally in respect of values recognised for the Marley brand and its customer relationships.
- Redundancy and other closure costs arose during major restructuring exercises conducted in the first half of 2023 and the second half of 2022 when the Group took steps to reduce manufacturing capacity and the cost base in response to a reduction in market demand.
- The impairment of property, plant and equipment arose in connection with the major restructuring exercises noted above.
- The additional contingent consideration relates to the reassessment of the amounts that will become payable to vendors arising in relation to Marley's acquisition of Viridian Solar Limited in 2021.
- On 14 April 2023, the Group's interest in the former Belgian subsidiary was sold for a nominal consideration. This consideration was higher than the net carrying value on this date which resulted in a non-recurring profit of £0.6 million. In 2022 following a downturn in the business' performance, the assets were impaired to fair value which was higher than the value in use. This was based on the Directors' assessment and consideration of observable market information. The impairment charge comprised property, plant and equipment (£1.1 million), intangible assets (£0.7 million), right-of-use assets (£3.4 million) and inventory (£5.0 million).
- In 2022, transaction related costs relating to the acquisition of Marley Group plc. These comprise the fees charged by professional advisors.
- In 2022, the unwind of the inventory fair value adjustment relates to the fair value uplift of the inventory as part of the Marley acquisition that has subsequently been sold. This item has been shown as an adjusting item to align with the internal reporting and to present a margin consistent with that which would have been reported in the absence of a recent acquisition transaction.
- The adjusting item in interest expense of £1.4 million is a non-cash technical accounting charge arising from the resolution of certain historical benefit issues. An allowance of £6.5 million was included in the net pension scheme asset at December 2022 and following the resolution of the benefit issues, this has been reduced to £5.5 million. This net reduction of £1.0 million comprised a profit and loss account charge of £1.4 million arising from the decision by the Board to not reduce pensions to payment to certain pensioners who were receiving payments that are too high and £2.4 million credit to the condensed statement of comprehensive income relating to adjustments to estimates. Further information on the accounting for the retirement benefit asset is set out at note 12.

5. Financial expenses

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Net interest expense on defined benefit pension scheme	**0.3**	-	0.1
Net interest expense on bank loans	**7.1**	2.3	8.2
Interest expense of lease liabilities	**1.3**	1.1	2.4
	8.7	3.4	10.7
Additional interest expense in defined benefit pension scheme	**1.4**	-	-
Financial expenses	**10.1**	3.4	10.7

Net interest expense on the defined benefit pension scheme is disclosed net of Company recharges for scheme administration. The additional technical interest expense in respect of the defined benefit pension scheme arose from the resolution of certain historical issues, is non-cash and non-recurring. The Board decided to augment the benefits of certain pensioners who would have otherwise suffered hardship due to a reduction in pension payments following a review to correct the historical benefit issues. This has augmentation charge has been accounted for as an adjusting item (see note 4).

6. Income tax expense

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Current tax expense			
Current year	**7.0**	6.5	11.6
Adjustments for prior years	**(0.2)**	(0.4)	(0.6)
	6.8	6.1	11.0
Deferred taxation expense			
Origination and reversal of temporary differences:			
Current year	**(3.0)**	1.6	0.8
Adjustments for prior years	**-**	(1.2)	(1.1)
Total tax expense	**3.8**	6.5	10.7
Current tax on adjusting items (note 4)	**1.0**	0.8	1.6
Deferred tax on adjusting items (note 4)	**2.9**	1.3	4.8
Total tax expenses after adding back adjusting items	**7.7**	8.6	17.1

7. Earnings per share

Basic earnings per share from total operations of 5.2 pence (six months ended June 2022: 7.9 pence; year ended December 2022: 11.4 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £13.1 million (six months ended June 2022: £17.2 million; year ended December 2022: £26.8 million) by the weighted average number of shares in issue during the period of 252,788,981 (six months ended June 2022: 217,846,900; year ended December 2022: 235,388,001).

Basic earnings per share after adding back adjusting items of 10.2 pence (six months ended June 2022: 16.4 pence; year ended December 2022: 31.3 pence) per share is calculated by dividing the adjusted profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £25.7 million (six months ended June 2022: £35.8 million; year ended December 2022: £73.6 million) by the weighted average number of shares in issue during the period of 252,788,981 (six months ended June 2022: 217,846,900; year ended December 2022: 235,388,001).

Profit attributable to Ordinary Shareholders

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Profit before adding back adjusting items	**25.5**	36.0	73.3
Adjusting items	**(12.6)**	(18.6)	(46.8)
Profit for the financial year	**12.9**	17.4	26.5
Profit attributable to non-controlling interests	**0.2**	(0.2)	0.3
Profit attributable to Ordinary Shareholders	**13.1**	17.2	26.8

Weighted average number of Ordinary Shares

	Unaudited six months ended June 2023 Number	Unaudited six months ended June 2022 Number	Audited year ended December 2022 Number
Number of issued Ordinary Shares	**252,968,728**	252,735,330	252,968,728
Effect of shares issued during the period	-	(34,970,453)	(17,299,649)
Effect of shares transferred into Employee Benefit Trust	**(179,747)**	(97,977)	(281,078)
Weighted average number of Ordinary Shares at the end of the year	**252,788,981**	217,846,900	235,388,001

Diluted earnings per share before adjusting items of 5.2 pence (30 June 2022: 7.9 pence, 31 December 2022: 11.3 pence) per share is calculated by dividing the profit for the financial period, after adjusting for non-controlling interests of £13.1 million (30 June 2022: 17.2 million, 31 December 2022: £26.8 million), by the weighted average number of shares in issue during the period of 252,788,981 (30 June 2022: 217,846,900, 31 December 2022: 235,388,001), plus potentially dilutive shares of 1,100,908 (30 June 2022: 788,660, 31 December 2022: 1,213,042), which totals 253,889,889 (30 June 2022: 218,635,560; 31 December 2022: 236,601,043).

Diluted earnings per share before adjusting items of 10.1 pence (30 June 2022: 16.4 pence; 31 December 2022: 31.1 pence) per share is calculated by dividing the profit for the financial period, after adjusting for non-controlling interests of £25.7 million (30 June 2022: £35.8 million; 31 December 2022: £73.6 million), by the weighted average number of shares in issue during the period of 252,788,981 (30 June 2022: 217,846,900; 31 December 2022: 235,388,001), plus potentially dilutive shares of 1,100,908 (30 June 2022: 788,660; 31 December 2022: 1,213,042), which totals 253,889,889 (30 June 2022: 218,635,560; 31 December 2022: 236,601,043).

Weighted average number of Ordinary Shares (diluted)

	Unaudited six months ended June 2023 Number	Unaudited six months ended June 2022 Number	Audited year ended December 2022 Number
Weighted average number of Ordinary Shares	**252,788,981**	217,846,900	235,388,001
Potentially dilutive shares	**1,100,908**	788,660	1,213,042
Weighted average number of Ordinary Shares (diluted)	**253,889,889**	218,635,560	236,601,043

8. Dividends

The Board has declared an interim dividend for 2023 of 2.6 pence per qualifying Ordinary Share amounting to £6.6 million, to be paid on 01 December 2023 to shareholders registered at the close of business on 20 October 2023. The shares will be marked ex-dividend on 19 October 2023.

9. Goodwill

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Net book value at start of period	**322.6**	78.5	78.5
Acquisition of a subsidiary	**-**	230.3	244.1
Adjustments to purchase price allocation (see note 19)	**1.8**	-	-
Net book value at end of period	**324.4**	308.8	322.6

All goodwill has arisen from business combinations. The carrying amount of goodwill is allocated across cash generating units ("CGUs") and these CGUs are independent sources of income streams and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The recoverable amount of the CGUs has been determined from a value-in-use calculation using cash flow projections based on a combination of individual financial five-year forecasts, containing assumptions for revenue growth and operational gearing, and perpetuity at appropriate long term growth rates of 2.4 per cent. The long-term growth rate assumption reflects the long-term average growth rate for the UK economy. The cash flow forecasts are discounted back to present value using a market-based discount rate to arrive at a value-in-use. The pre-tax discount rate used to calculate the value-in-use was 16.2 per cent (June 2022: 14.3 per cent).

The Directors have reviewed the recoverable amounts of the CGUs, and considered possible impacts that might arise from a range of uncertainties, including the ongoing challenges in the construction industry and the costs of climate change. The post-tax discount rate is 9.4 per cent (pre-tax 16.2 per cent). The Group has two material CGUs, Marshalls (the landscaping and building products businesses) and Marley. The recoverable amount is compared to carrying value of non-current assets of the CGU (and directly attributable deferred taxation) including goodwill. This review did not indicate any impairment of the carrying amount of the non-current assets in either CGU.

Marley was acquired in 2022 and consequently the impairment review is more sensitive to changes in assumptions than the Marshalls CGU. Applying a sensitivity to the Marley assessment, based on a higher post-tax discount rate of 10 per cent, results in headroom of £52 million. The breakeven point arising from a higher discount rate that would indicate an impairment would occur at a post-tax rate of 10.7 per cent. The compound annual growth rate ('CAGR') in the Marley five-year forecast is 11.7 per cent, which has been estimated by the directors based on past performance of the cash-generating unit and their expectations of market developments and opportunities. The directors estimate that a decrease in the CAGR to 6.3 per cent would reduce the headroom in the Marley GCU to nil based on a post-tax discount rate of 9.4 per cent (the breakeven CAGR being 9.0 per cent based on a 10 per cent post-tax discount rate).

10. Intangible assets

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Net book value at start of period	**237.1**	16.5	16.5
Acquisition of a subsidiary	**-**	228.2	228.2
Additions	**1.2**	0.4	2.2
Amortisation	**(6.1)**	(3.0)	(9.1)
Impairment	**-**	-	(0.7)
Net book value at end of period	**232.2**	242.1	237.1

Amortisation includes £5.2 million (six months ended June 2022: £2.1 million; year ended December 2022: £7.4 million) relating to intangible assets arising on acquisitions that is accounted for as an adjusting item (see note 4). The impairment in the year ended December 2022 represents the assets being written down to fair value less cost to sell of £0.7 million in relation to the Group's Belgian subsidiary (see note 4). Included in software additions is £0.8 million (six months ended June 2022: £1.0 million; year ended December 2022: £1.8 million) of own work capitalised.

11. Property, plant and equipment

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Net book value at start of period	**266.5**	173.9	173.9
Acquisition of a subsidiary	**-**	111.3	96.2
Additions	**7.7**	10.5	28.4
Depreciation	**(10.9)**	(10.1)	(21.8)
Impairment	**(4.8)**	-	(9.9)
Other movements	**(2.1)**	(0.2)	(0.3)
Net book value at end of period	**256.4**	285.4	266.5

Impairment in the half year ended June 2023 represents the assets being written down to fair value less cost to sell of £4.8 million (year ended December 2022: £8.8 million) in relation to major restructuring exercises at certain facilities in the Group's network. In addition, in the year ended December 2022, a £1.1 million impairment charge was recorded in relation to the Group's Belgian subsidiary (see note 4).

12. Retirement benefit asset

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

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Present value of Scheme liabilities	**(219.1)**	(262.4)	(232.5)
Fair value of Scheme assets	**245.2**	306.1	254.9
Net amount recognised (before deferred tax)	**26.1**	43.7	22.4

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

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

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

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

The charge recognised in the income statement in respect of the Scheme is included in financial expenses and totalled £1.7 million for the six months ended June 2023 (six months ended June 2022: £nil million; year ended December 2022: £0.1 million). Net interest expense on the defined benefit pension scheme is disclosed

net of Company recharges for scheme administration. In the six months ended 30 June 2023, this expense included a one-off, non-cash, technical accounting charge of £1.4 million relating to the resolution of a review into historical benefit issues. This charge has been accounted for as an adjusting item, see notes 4 and 5 for further details.

13. Lease liabilities

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Analysed as:			
Amounts due for settlement within twelve months	**8.3**	8.7	9.8
Amounts due for settlement after twelve months	**37.1**	35.4	36.1
	45.4	44.1	45.9

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £1.3 million (six months ended June 2022: £1.1 million; year ended December 2022: £2.4 million). Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date. For the half year ended 30 June 2023, the average effective borrowing rate was 3.5 per cent (June 2022: 3.3 per cent, December 2022: 3.4 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The total cash outflow in relation to leases amounts to £7.5 million (six months ended June 2022: £6.0 million; year ended December 2022: £13.5 million). The total cash outflow in relation to short-term and low value leases was £3.9 million (six months to June 2022: £3.5 million; year ended December 2022: £7.0 million).

14. Interest bearing loans and borrowings

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Analysed as:			
Current liabilities	**-**	-	-
Non-current liabilities	**250.0**	286.5	247.0
	250.0	286.5	247.0

Interest bearing loans and borrowings are stated net of unamortised debt arrangement fees of £2.5 million (June 2022: £3.3 million; December 2022: £2.9 million).

The total syndicated bank facility at June 2023 was £370.0 million (June 2022: £370.0 million; December 2022: £370.0 million), of which £117.5 million (June 2022: £80.2 million; December 2022: £120.1 million) remained unutilised. The undrawn facility available at June 2023 expires between two and five years.

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

Marshalls is party to a reverse factoring finance arrangement between a third-party UK bank and one of the Group's key customers. The principal relationship is between the customer and its partner bank. The agreement enables Marshalls to benefit from additional credit against approved invoices and, in practice, this provides a facility of up to £15 million which the Group utilises periodically in order to help manage its short-term funding requirements. The credit risk is retained by the customer and Marshalls pays a finance charge upon utilisation.

15. Analysis of net debt

	Unaudited June 2023 £'m	Unaudited June 2022 £'m	Audited December 2022 £'m
Cash at bank and in hand	**65.4**	78.3	56.3
Debt due within 1 year	**-**	-	-
Debt due after 1 year	**(250.0)**	(286.5)	(247.0)
Lease liabilities	**(45.4)**	(44.1)	(45.9)
	(230.0)	(252.3)	(236.6)

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

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Net increase / (decrease) in cash equivalents	**10.6**	2.7	(19.3)
Cash (inflow) / outflow from movement in bank borrowings	**(3.0)**	46.6	86.2
On acquisition of subsidiary undertakings	**-**	(259.5)	(259.5)
On disposal of subsidiary undertakings	**(1.4)**	-	-
Cash outflow from lease repayments	**6.2**	4.9	11.1
New leases entered into	**(11.0)**	(6.0)	(14.0)
Lease liability terminated on disposal of subsidiary undertaking	**5.3**		
Effect of exchange rate fluctuations	**(0.1)**	0.1	-
Movement in net debt in the period	**6.6**	(211.2)	(195.5)
Net debt at beginning of the period	**(236.6)**	(41.1)	(41.1)
Net debt at end of the period	**(230.0)**	(252.3)	(236.6)

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

	Notes	**Unaudited six months ended June 2023 £'m**	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Profit after taxation		**12.9**	17.4	26.5
Income tax expense on continuing operations	6	**7.7**	8.6	17.1
Income tax credit on adjusting items	6	**(3.9)**	(2.1)	(6.4)
Profit before tax		**16.7**	23.9	37.2
Adjustments for:				
Depreciation of property, plant and equipment	11	**10.9**	10.1	21.8
Asset impairments	4	**4.8**	-	14.0
Depreciation of right-of-use assets		**5.1**	5.3	11.3
Amortisation		**0.9**	0.9	1.8
Adjusting items	4	**10.3**	20.7	39.2
Gain on sale of property, plant and equipment		**(0.7)**	(0.4)	(1.2)
Equity settled share-based payments		**1.4**	0.8	1.3
Financial income and expenses (net)	5	**10.1**	3.4	10.7
Operating cash flow before changes in working capital		**59.5**	64.7	136.1
(Increase)/decrease in trade and other receivables		**(16.3)**	(6.3)	22.9
Increase in inventories		**(6.7)**	(18.6)	(14.0)
Increase/(decrease) in trade and other payables		**3.9**	(12.2)	(20.8)
Adjusting items paid		**(1.6)**	(15.0)	(17.4)
Cash generated from operations		**38.8**	12.6	106.8
Financial expenses paid		**(6.8)**	(2.8)	(9.9)
Income tax paid		**(8.2)**	(8.0)	(11.6)
Net cash flow from operating activities		**23.8**	1.8	85.3

18. Fair values of financial assets and financial liabilities

A comparison by category of the book values and fair values of the financial assets and liabilities of the Group at 30 June 2023 is shown below:

			Book value			Fair value
	Unaudited six months ended June 2023	Unaudited six months ended June 2022	Audited year ended December 2022	**Unaudited six months ended June 2023**	Unaudited six months ended June 2022	Audited year ended December 2022
	£m	£m	£m	**£m**	£m	£m
Trade and other receivables	**122.3**	136.8	113.5	**122.3**	136.8	113.5
Cash and cash equivalents	**65.4**	78.2	56.3	**65.4**	78.2	56.3
Bank loans	**(250.0)**	(286.5)	(247.0)	**(243.2)**	(276.9)	(259.2)
Trade payables, other payables and provisions	**(135.0)**	(134.1)	(136.5)	**(135.0)**	(134.1)	(136.5)
Derivatives	**6.4**	1.5	3.7	**6.4**	1.5	3.7
Contingent consideration	**(7.6)**	(4.9)	(8.9)	**(7.6)**	(4.9)	(8.9)
Financial instrument assets and liabilities – net	**(198.5)**	(209.0)	(218.9)			
Non-financial instrument assets and liabilities – net	**879.1**	914.8	880.0			
Net assets	**680.6**	705.8	661.1			

Estimation of fair values

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

(a) Derivatives

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

(b) Interest-bearing loans and borrowings

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

(c) Trade and other receivables/payables

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

(d) Contingent consideration

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

(e) Fair value hierarchy

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

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

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
June 2023				
Derivative financial assets	-	**6.4**	-	**6.4**
Contingent consideration	-	**-**	**(7.6)**	**(7.6)**
	-	**6.4**	**(7.6)**	**1.2**
June 2022				
Derivative financial assets	-	1.5	-	1.5
Contingent consideration	-		(4.9)	(4.9)
	-	1.5	(4.9)	(3.4)
December 2022				
Derivative financial assets	-	3.7	-	3.7
Contingent consideration	-	-	(8.9)	(8.9)
	-	3.7	(8.9)	(5.2)

19. Acquisition of subsidiary

On 29 April 2022 Marshalls Group Limited acquired 100 per cent of the issued share capital of Marley Group plc, a leader in the manufacture and supply of pitched roofing systems to the UK construction market. Marley Group plc operates within the UK and is registered in England and Wales.

The Group concluded its review of the fair value of assets and liabilities acquired, and final adjustments were made to the provision assessment that was disclosed in the 2022 Annual Report in note 25 on page 182. These increased the provisions for deferred tax and contingent consideration together with an increase in goodwill of £1.8 million.

20. Disposal of subsidiary

On 13 April 2023, the Group sold its interest in Marshalls NV, its former Belgian subsidiary, for a nominal sum. The sale resulted in a profit on disposal of £0.6 million, which has been accounted for as an adjusting item (see note 4). This business contributed revenue of £21 million and a loss before taxation of £1.1 million in 2022. In the period until the disposal on 13 April 2023, the business generated revenue of £5.0 million and a loss before taxation of £0.6 million.

21. Alternative performance measures

The APMs set out by the Group together with an explanation of how they are calculated and why the Board use them is set out below.

APM	**Definition and purpose**
Adjusted operating profit, adjusted profit before tax, adjusted profit after tax and adjusted earnings per share	These performance measures are all calculated using the relevant statutory measure and are stated after adding back adjusting items. The Group's accounting policy on adjusting items is set out in note 1, basis of preparation. The Directors assess the performance of the Group using these measures including when considering dividend payments.
EBITA and adjusted EBITA	EBITA is earnings before interest, taxation and amortisation and provides users with further information about the profitability of the business before financing costs, taxation, and amortisation. Adjusted EBITA is stated after adding back adjusting items.
EBITDA and adjusted EBITDA	EBITDA is earnings before interest, taxation, depreciation, and amortisation and provides users with further information about the profitability of the business before financing costs, taxation, and non-cash charges. Adjusted EBITDA is EBITDA stated after adding back adjusting items. It provides users with additional information about the performance of the Group.
Adjusted pre-IFRS16 EBITDA	Adjusted pre-IFRS16 EBITDA is earnings before interest, taxation, depreciation (but not right-of-use asset depreciation), amortisation and after adding back adjusting items and profit or losses on the sale of property, plant

	and equipment and is used to assess compliance with the Group's banking covenants.
Like-for-like revenue growth	Like-for-like revenue growth is revenue growth generated by the Group that includes revenue for acquired businesses and excludes revenue for businesses that have been sold for the corresponding periods in the prior year. This provides users of the financial statements with an understanding about revenue growth that is not impacted by acquisitions or disposals.
Net debt	Net debt comprises cash at bank and in hand, bank loans and lease liabilities. It shows the overall net indebtedness of the Group.
Pre-IFRS16 net debt	Net debt comprises cash at bank and in hand and bank loans. It shows the overall net indebtedness of the Group excluding leases and is used in assessing compliance with the Group's banking covenants.
Pre-IFRS16 net debt leverage	This is calculated by dividing pre-IFRS16 net debt by adjusted pre-IFRS16 EBITDA (on an annualised basis) to provide a measure of leverage. It is used in assessing compliance with the Group's banking covenants.
Adjusted return on capital employed	Adjusted return on capital employed is calculated as adjusted EBITA (on annualised basis) divided by shareholders' funds plus net debt at the period end. It is designed to give further information about the returns being generated by the Group as a proportion of capital employed.
Adjusted operating cash flow	This measure is net cash flow from operating activities stated after adding back adjusting items paid, net financial expenses paid, and taxation paid. It is used to calculate the ratio of adjusted operating cash flow to adjusted EBITDA.
Operating cash flow conversion	Operating cash flow conversion is calculated by dividing adjusted operating cash flow by adjusted EBITDA (both on an annualised basis). Adjusted operating cash flow is calculated by adding back adjusting items paid, net financial expenses paid, and taxation paid. It illustrates the rate of conversion of profitability into cash flow.

Reconciliations of IFRS reported income statement measures to income statement APMs is set out in the following three tables. A number of the APMs were stated on a proforma basis in 2022 to include the relevant information for Marley for the period between 1 January 2022 and 28 April 2022 in order to show the measure as if the business had been owned by the Group for the whole of 2022. A reconciliation of operating profit to adjusted proforma pre-IFRS16 EBITDA is set out below.

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Operating profit	**26.8**	27.3	47.9
Adjusting items (note 4)	**15.1**	20.7	53.2
Adjusted operating profit	**41.9**	48.0	101.1
Amortisation (excluding amortisation of intangible assets arising on acquisitions)	**0.9**	0.9	1.8
Adjusted EBITA	**42.8**	48.9	102.9
Depreciation	**16.0**	15.4	33.1
Adjusted EBITDA	**58.8**	64.3	136.0
Marley pre-acquisition EBITDA	**-**	18.1	18.1
Profit on sale of property, plant and equipment	**(0.7)**	(0.4)	(1.2)
Right-of-use asset charges	**(6.2)**	(4.6)	(11.1)
Adjusted proforma pre-IFRS16 EBITDA	**51.9**	77.4	141.8

A reconciliation of operating profit to adjusted EBITDA is set out below.

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Operating profit	**26.8**	27.3	47.9
Depreciation and amortisation	**22.1**	18.4	42.3
Reported EBITDA	**48.9**	45.7	90.2
Adjusting items (excluding amortisation of intangible assets arising on acquisitions)	**9.9**	18.6	45.8
Adjusted EBITDA	**58.8**	64.3	136.0

A reconciliation of operating profit to adjusted proforma EBITA is set out below.

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Operating profit	**26.8**	27.3	47.9
Amortisation	**6.1**	3.0	9.2
EBITA	**32.9**	30.3	57.1
Adjusting items (excluding amortisation of intangible assets arising on acquisitions)	**9.9**	18.6	45.8
Adjusted EBITA	**42.8**	48.9	102.9
Marley pre-acquisition EBITA	**-**	16.4	16.4
Adjusted proforma EBITA	**42.8**	65.3	119.3

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

Like-for-like revenue growth

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Change %
Marshalls Landscape Products	**174.1**	211.3	(17.6)
Marshalls Building Products	**87.2**	95.9	(9.1)
Marley Roofing Products	**92.8**	99.9	(7.1)
Like-for-like revenue	**354.1**	407.1	(13.0)

The Group sold its Belgian subsidiary on 13 April 2023 and therefore Marshalls Landscape Products revenue in the first six months of 2022 has been restated to exclude £5.5 million of revenue generated by that subsidiary between 14 April and 30 June 2022. Marley revenue in 2022 has been restated to include £64.3 million of revenue for the pre-acquisition period from 1 January 2022 to 28 April 2022. No adjustments have been to Marshalls Building Products revenue.

Net debt
Net debt comprises cash at bank and in hand, bank loans and leasing liabilities. An analysis of net debt is provided in note 15. Net debt on a pre-IFRS 16 basis has been disclosed to provide additional information and to align with reporting required for the Group's banking covenants. Net debt on both a reported basis and on a pre-IFRS 16 basis is set out below:

	Unaudited six months ended June 2023 £'m	Unaudited six months ended June 2022 £'m	Audited year ended December 2022 £'m
Net debt on a reported basis	**230.0**	252.3	236.6
IFRS 16 leases	**(45.4)**	(44.1)	(45.9)
Net debt on a pre-IFRS16 basis	**184.6**	208.2	190.7

Pre-IFRS16 net debt leverage
Pre-IFRS16 net debt leverage is defined as pre-IFRS16 net debt divided by adjusted pre-IFRS16 EBITDA (on an annualised basis).

	Unaudited six months ended June 2023 £'m	**Unaudited six months ended December 2022 £'m**	**Unaudited 12 months ended June 2023 £'m**	Audited year ended December 2022 £m
Adjusted pre-IFRS16 EBITDA	**51.9**	**64.5**	**116.4**	141.8
Pre-IFRS16 net debt	**184.6**	**190.7**	**184.6**	190.7
Pre-IFRS16 net debt leverage	-	-	**1.6**	1.4

The adjusted pre- IFRS16 EBITDA for December 2022 has been prepared on a proforma basis.

Return on capital employed ('ROCE')
ROCE is defined as EBITA (on an annualised basis) divided by shareholders' funds plus net debt.

	Unaudited six months ended June 2023 £'m	**Unaudited six months ended December 2022 £'m**	**Unaudited 12 months ended June 2023 £'m**	Audited year ended December 2022 £m
Adjusted EBITA	**42.8**	**54.0**	**96.8**	119.2
Shareholders' funds	**-**	**-**	**680.6**	661.1
Net debt	**-**	**-**	**230.0**	236.6
Capital employed	**-**	**-**	**910.6**	897.7
ROCE	**-**	**-**	**10.6%**	13.3%

Operating cash flow conversion

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

	Unaudited six months ended June 2023 £'m	**Unaudited six months ended December 2022 £'m**	**Unaudited 12 months ended June 2023 £'m**	Audited year ended December 2022 £m
Net cash flow from operating activities	**23.8**	**83.5**	**107.3**	85.3
Adjusting items paid	**1.6**	**2.4**	**4.0**	17.4
Net financial expenses paid	**6.8**	**7.1**	**13.9**	9.9
Taxation paid	**8.2**	**3.6**	**11.8**	11.6
Adjusted operating cash flow	**40.4**	**96.6**	**137.0**	124.2
Adjusted EBITDA	**58.8**	**71.7**	**130.5**	136.0
Operating cash flow conversion	-	-	**105%**	91%

22. Principal risks and uncertainties

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

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

- Macro-economic uncertainty – The Group is dependent on the level of activity in its end markets. Accordingly, it is susceptible to economic downturn, the impact of Government policy, changes in interest rates, the increasing impact of wider geo-political factors (including the conflict in Ukraine) and volatility in world markets. The Group closely monitors trends and lead indicators, invests in market research and is an active member of the Construction Products Association. The Group's resilience and flexibility in response to macro-economic uncertainty has been a major focus during the period and action has been taken to reduce capacity and costs in the challenging macro-environment.
- Cyber security – the risk of a cyber security attack continues to increase with more incidents being reported in UK businesses. In response, we have appointed a dedicated Head of Cyber Security and have a risk-based approach to the continued development of our cyber security controls.
- Competitor activity – Whilst the Group has recovered input price inflation in its selling prices, this has become more challenging due to weaker demand levels resulting in heightened competition for volumes in the marketplace. In order to protect profitability, the Group is focusing on reducing its cost base and simplifying processes with the aim of being easier to deal with whilst continuing to invest in its brands, specification selling and new product development.
- Climate change and other ESG issues – to ensure the effective management of all relevant risks and opportunities. The Group remains committed to full transparency for all stakeholders and the Group's sustainability objectives remain core to the Group's business model and strategy. The Group employs experienced, dedicated staff to support our ESG agenda.

The other principal risks and uncertainties that could impact the business for the remainder of the current financial year are those set out in the 2022 Annual Report and Accounts on pages 69 to 75. These cover the strategic, financial and operational risks and have not changed significantly during the period. Strategic risks include those relating to the ongoing Government policy, general economic conditions, the actions of customers, suppliers and competitors, and weather conditions. The Group also continues to be subject to various financial risks in relation to the pension scheme, principally the volatility of the discount (AA corporate bond) rate, any downturn in the performance of equities and increases in the longevity of members. The other

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

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

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

The Directors confirm to the best of their knowledge:

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

Board members
As at 30 June 2023, the Group's Board members were as follows:

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

The responsibilities of the Directors during their period of service were as set out on pages 133 and 134 of the 2022 Annual Report.

By order of the Board
Shiv Sibal
Group Company Secretary
16 August 2023

Independent Review Report to Marshalls plc

Conclusion
We have been engaged by the Company to review the condensed set of Financial Statements in the Half Year Financial Report for the six months ended 30 June 2023 which comprises the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes 1 to 22.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the Half-Year Financial Report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

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

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

In preparing the Half-Year Financial Report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
16 August 2023

Shareholder Information

Financial calendar

Half year results for the year ending December 2023	Announced 16 August 2023
Interim dividend for the year ending December 2023	Payable 1 December 2023
Results for the year ending December 2023	Announcement March 2024
Report and accounts for the year ending December 2023	April 2024
Annual General Meeting	May 2024

Registrars

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

Dividend mandate

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

Website

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

Cautionary Statement

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

Directors' Liability

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