

AVON PROTECTION PLC
("Avon Protection", "Avon" or the "Group")

INTERIM RESULTS FOR THE 26-WEEK PERIOD ENDED 1 APRIL 2023

IMPROVED H1 PROFITABILITY AND STRATEGIC PLAN TO REALISE OUR POTENTIAL

Jos Sclater, Chief Executive Officer, said:

"Avon Protection is a business with strong foundations and extraordinary potential. We have moved fast to develop our new STAR strategy and have already taken meaningful steps forward, focusing initially on strengthening the fundamentals with a view to building short term momentum. In addition, we have developed strategic initiatives to further improve the business over the medium term to accelerate growth, improve margins and returns on capital, and protect more lives through the sale of our innovative products.

Revenue during the first half was below our expectations, but a better second half is supported by the strong order book, the steps we have already taken to strengthen the factories focused on shipping the first lots of NG IHPS helmet to the U.S. DOD and the discontinuation of our armour business.

During the last four months we have increased the pace of change, so I would like to thank everybody across the business for their help and determination to realise our full potential. I am confident that, together, we are setting Avon Protection up for a successful future."

	1 April 2023	2 April 2022	Change (constant currency) ⁴
<i>Group</i> ²			
Orders received	\$125.6m	\$113.9m	11.9%
Closing order book	\$160.7m	\$135.1m	20.1%
Revenue	\$116.2m	\$121.9m	(3.9%)
Adjusted ¹ EBITDA	\$11.2m	\$6.2m	30.2%
Adjusted ¹ operating profit	\$4.2m	\$(1.2)m	180.0%
Adjusted ¹ profit/(loss) before tax	\$0.9m	\$(2.8)m	
Adjusted ¹ basic earnings per share	2.4c	(7.2)c	15.3%
Interim dividend per share	14.3c	14.3c	
Net debt excluding lease liabilities	\$71.8m	\$56.6m	26.9%
<i>Statutory results</i>			
Operating loss ³ from continuing operations	\$(1.6)m	\$(10.7)m	
Loss before tax from continuing operations	\$(5.3)m	\$(13.6)m	
Basic loss per share from continuing operations	(14.0)c	(34.9)c	
Net debt	\$94.9m	\$83.3m	
<i>Excluding Armour</i> ²			
Revenue	\$101.6m	\$119.4m	(14.2%)
Adjusted ¹ EBITDA	\$15.9m	\$12.5m	6.7%
Adjusted ¹ operating profit	\$8.9m	\$5.1m	14.1%

Improving margins provide a strong foundation to build upon

- Strong order intake of \$125.6 million, with a record-high order book of \$160.7 million.
- Revenue decline of 4.7%, with DOD helmet programmes slower than expected and a decrease in respiratory following a strong prior year driven by NSPA volume, partially offset by increased armour revenue.
- Adjusted EBITDA margin of 9.6% (HY22: 5.1%), reflecting cost reduction, early stages of operational efficiencies and improved product mix. Adjusted EBITDA margin excluding armour of 15.6% (HY22: 10.5%).
- Net debt excluding lease liabilities of \$71.8 million and leverage of 2.6 times bank adjusted EBITDA. Increased net debt reflects inventory build in NG IHPS and respiratory products ahead of expected H2 shipments.
- Progress made against new head protection contracts; production of the first lot of NG IHPS helmets approved for shipment and good progress towards achieving ACH GEN II FAT approval.

Strategy development underway to realise our potential

We have engaged our team to develop the STAR strategy to drive value creation, focused on four key areas:

- **Strengthen** – Strengthen fundamentals to quickly improve execution
- **Transform** – Improve efficiency and working capital turns
- **Advance** – Organically grow the core and scale up emerging opportunities
- **Revolutionise** – Leverage innovation to drive further growth

Outlook and FY23 guidance

- Good year-on-year revenue growth in Head Protection expected in FY23 and beyond, supported by the strong order intake in H1.
- Softer demand for mask systems seen in H1 has led to a more cautious view on H2 Respiratory revenue, which is now anticipated to be lower than initially expected for FY23.
- Full year Group revenue excluding armour now expected to be c9% lower than the prior year, reflecting the Respiratory demand backdrop and some ongoing risk to shipment timings in H2.
- Notwithstanding the lower revenue, following decisive action to right size Respiratory, full year Group EBITDA margins excluding armour expected to be broadly consistent with the 14.7% reported in the prior year.
- On track to complete armour obligations by end of financial year.
- Year-end net debt position expected to be broadly in line with previous year, with strong cash generation in H2 from inventory unwind.

Notes:

¹ The Directors believe that adjusted measures provide a useful comparison of business trends and performance. Adjusted results exclude exceptional items and discontinued operations. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

² For more information regarding segmental reporting and detailed Armour performance refer to note 2.1.

³ Reported operating loss includes \$3.1 million amortisation of acquired intangibles, restructuring costs of \$2.3 million and transaction costs of \$0.4 million. See adjusted performance section for full breakdown of adjustments and comparatives.

⁴ Constant currency measures are provided in the adjusted performance section.

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Analyst and investor webcast

Jos Sclater, Chief Executive Officer, and Rich Cashin, Chief Financial Officer, will host a presentation for analysts and investors at 9.00am this morning, at Peel Hunt, 100 Liverpool Street, EC2M 2AT. The presentation will also be broadcast live at: https://brrmedia.news/AvonProtection_hy_results

A copy of the presentation for the webcast will be uploaded to www.avon-protection-plc.com at 8:30am this morning.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR") EU no.596/2014. Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

About Avon Protection:

Avon Protection make products that are trusted to protect the world's militaries and first responders.

Our dedicated teams achieve this by developing mission-critical solutions that enhance our customers' performance, efficiency and capability, whilst providing ever-increasing levels of protection.

With a portfolio that includes respiratory and head protection systems, we are renowned for our innovative thinking and our steadfast approach to manufacturing unrivalled products.

For further information, please visit our website www.avon-protection-plc.com

CEO REVIEW

STRONG FOUNDATIONS

Avon Protection is fundamentally a good business with excellent potential: the order book is improving, the customer base is diverse and our long-term contracts provide good visibility around future growth opportunities in Head Protection. Following the exit from our Armour business, we are left with a high-quality business capable of generating attractive margins and returns on capital, with those margins being well protected by strong technology, high value brands and significant barriers to entry.

Our Respiratory Protection business has an extremely strong market position with a globally respected brand. It is a sole-source supplier to the U.S. DOD, U.S. SOCOM, U.K. MOD and NATO, which supports a reliable aftermarket in filters, spares and repairs which represented over 40% of Respiratory Protection sales in H1. Our underwater systems product line has world-leading rebreather technology with a strong pipeline of opportunities.

In Head Protection, we are well positioned for growth with the DOD through the long-term NG IHPS and ACH GEN II programmes. These programmes will supplement the Team Wendy business, which continues to perform well. There is a large untapped addressable market beyond the DOD, which we believe we can expand into in the medium term by commercialising our Ceradyne ballistic capability and Team Wendy pad system technologies.

STRATEGY TO REALISE OUR POTENTIAL

With the strong market positions and reputation of our Respiratory Protection business, and high potential for growth following large contract wins in Head Protection, there is significant opportunity for our business to deliver revenue growth and improved margins.

We have developed a new strategy to capture this potential, involving around 40 of our people in the development process to ensure we capture the best ideas, improve buy in and reduce execution risk. The new strategy is called STAR, and focuses on four areas:

Strengthen

We are quickly strengthening the fundamentals to ensure rapid improvement in delivery to our customers. This includes implementing a new operating model which will have two Strategic Business Units (SBUs) called Respiratory Protection and Head Protection, with the responsibility and empowerment to deliver their own specific strategic objectives. We are also strengthening our factories by improving both leadership capabilities and processes. Quarterly improvement kaizens have been implemented at each site using a common methodology, underpinned by consistent KPIs to cultivate a high-performance operational culture across the business.

Transform

Within Transform, we are looking to significantly improve efficiency and working capital turns, focusing on standard transformational levers including:

- Operational excellence
- Footprint optimisation
- Programme management excellence
- Supply chain optimisation
- Innovation process improvement
- Sales and marketing focus
- Finance Excellence

Advance

Advance is about growing our current core business organically and scaling up emerging business models, with the strategic initiatives tailored for each SBU. Within Respiratory Protection we are looking to launch a certified self-contained breathing apparatus (SCBA) to open up non-military markets and intend to launch new masks to expand our serviceable markets. There is significant opportunity to leverage our installed mask base to increase sales of filters and accessories, and we see the potential to capture a leading share of the growing market in deep water military rebreathers.

In Head Protection, we need to ensure we capitalise on the known demand for new helmets and pads from the DOD, whilst combining the best of the Ceradyne ballistic capability with the pad system technologies of Team Wendy to exploit the large unserved market outside the DOD and North America.

Revolutionise

Revolutionise focuses on a number of exciting longer-term opportunities, leveraging our core capabilities to drive further growth through innovation and penetration into new markets. In Respiratory Protection we are developing a game changing Modular Integrated Tactical Respirator (MiTR) and several higher capability filters. We also see potential opportunities to expand our rebreathers business into adjacent markets such as mid to shallow water.

We also have a roadmap within Head Protection, looking towards expanding the capability and technology of our helmets including the enabling of power and data solutions and further research into traumatic brain injury prevention. In the longer term we see an opportunity to supply integrated helmet and respirator solutions, combined with other head mounted technologies.

SIGNIFICANT PROGRESS

Whilst we are in the early stages of what will be a five-year journey, a number of key actions have already taken place in H1 and we are moving fast to drive the change required:

In **Strengthen**, we have a clear and granular strategy, which is a key building block for stronger performance management, and we are in the process of communicating this throughout the organisation to ensure alignment and focus. We have built a more capable team, with the creation of new SBU organisations, a new leadership team at our Irvine facility and significantly strengthening our Respiratory team responsible for liaising with the DOD. Unfortunately, we have also had to react to the lower than anticipated respiratory sales within the DOD and have reduced headcount at our Cadillac facility by around a quarter.

As part of the **Transform** pillar, we have insourced production of our EXFIL SL helmet significantly improving gross margins and have created a plan to optimise our manufacturing footprint further in support of growth and margin improvement. We have also implemented a new programme management process for DOD helmets projects.

Advance has also seen a great deal of progress. Within Head Protection, the first lot of NG IHPS has been approved for shipping and we have made good progress towards achieving FAT approval on ACH GEN II. We have had new Team Wendy pad system technology approved on the NG IHPS helmet programme and have launched our new EPIC range of ballistic helmets for sale outside of the DOD.

Lastly, although **Revolutionise** focuses on a longer-term horizon, several crucial first steps have already been taken. Funded development is well underway within Respiratory Protection for our next generation of higher capability filters, and we are already market testing prototypes made for our new modular tactical respirator. Feedback at a recent user trial was very positive. In Head Protection, we have funded work looking at the next generation of technology to protect against traumatic brain injury.

STAR is designed to realise our full potential and deliver growth, improved margins and cash return on capital, whilst delivering more innovative products to protect those who protect us. We will provide medium term guidance as our plans develop. We will also carry out a balance sheet review in H2 in light of the new organisational structure, with a focus on some IT assets as our plans for footprint optimisation develop.

CAPITAL ALLOCATION PRIORITIES

Reflecting the development of the Group over the last five years and the need to invest for sustainable growth as part of our new strategy, we have implemented a new capital allocation framework, prioritising organic growth and investment in the medium term. We do not envisage further share buybacks and expect to maintain net debt/EBITDA leverage on a bank covenant basis between 1 and 2 times. We will review our dividend policy in H2.

FINANCIAL REVIEW

Despite a decline in revenue of 4.7% to \$116.2 million (HY22: \$121.9 million), a more favourable product mix, effects of cost saving programmes and operational efficiency initiatives alongside favourable FX movements have resulted in increased profitability of the business, with an adjusted operating profit of \$4.2 million (HY22: loss of \$1.2 million). This includes \$4.7 million of losses relating to the Armour business. The statutory operating loss of \$1.6 million compares to a HY22 loss of \$10.7 million for the equivalent period last year.

	1 April 2023	2 April 2022	Change (constant currency) ²
Orders received	\$125.6m	\$113.9m	11.9%
Closing order book	\$160.7m	\$135.1m	20.1%
Revenue	\$116.2m	\$121.9m	(3.9%)
Adjusted ¹ EBITDA	\$11.2m	\$6.2m	30.2%
Adjusted ¹ EBITDA margin	9.6%	5.1%	250bps
Adjusted ¹ operating profit/(loss)	\$4.2m	\$(1.2)m	180.0%
Adjusted ¹ operating profit/(loss) margin	3.6%	(1.0)%	240bps
Adjusted ¹ net finance costs	\$(3.3)m	\$(1.6)m	120.0%
Adjusted ¹ profit/(loss) before tax	\$0.9m	\$(2.8)m	
Adjusted ¹ taxation	\$(0.2)m	\$0.6m	
Adjusted ¹ profit/(loss) after tax	\$0.7m	\$(2.2)m	
Adjusted ¹ basic earnings/(loss) per share	2.4c	(7.2c)	
Dividend per share	14.3c	14.3c	
Net debt excluding lease liabilities ¹	\$71.8m	\$44.2m	
Return on invested capital ¹	5.6%	2.8%	
Statutory results			
Operating loss	\$(1.6)m	\$(10.7)m	
Net finance costs	\$(3.7)m	\$(2.9)m	
Loss before tax	\$(5.3)m	\$(13.6)m	
Taxation	\$1.1m	\$2.9m	
Loss after tax from continuing operations	\$(4.2)m	\$(10.7)m	
Profit/(loss) from discontinued operations ³	\$0.8m	\$(1.2)m	

Loss for the period	\$(3.4)m	\$(11.9)m
Basic loss per share from continuing operations	(14.0)c	(34.9)c
Net debt	\$94.9m	\$83.3m

1 The Directors believe that adjusted measures provide a useful comparison of business trends and performance. Adjusted results exclude exceptional items and discontinued operations. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

2 Constant currency measures are provided in the adjusted performance measures section below.

3 Discontinued operations relate to activities under the Manufacturing Service Agreement for the milkrite | InterPuls business divested in September 2020, see note 2.3.

Order intake of \$125.6 million (HY22: \$113.9 million) was up 10.3% (11.9% on a constant currency basis). Respiratory orders were largely flat year on year, but with slightly higher order intake within U.K. & International offset by a small decline in Commercial Americas orders, whilst Head Protection orders saw strong growth in both U.S. DOD and U.K. & International. Order intake excluding armour totalled \$125.4 million (HY22: \$113.6 million), up 10.4% (12.1% on a constant currency basis).

The closing order book of \$160.7 million (HY22: \$135.1 million) reflects an increase of 18.9% (20.1% on a constant currency basis) on the prior period. Closing order book excluding armour of \$144.7 million (HY22: \$110.7 million) reflects an increase of 30.8% (32.4% on a constant currency basis).

Revenue totalled \$116.2 million (HY22: \$121.9 million), down 4.7% (down 3.9% on a constant currency basis). This reflects a decline in Respiratory sales with softer demand in Commercial Americas and U.K. & International markets in the half comparing to strong NSPA volumes in the previous year. Head Protection sales also dipped modestly, with a decrease in U.S. DOD deliveries ahead of first shipments of NG IHPS, partially offset by an increase in U.K. & International. Armour revenue grew to \$14.6 million (HY22: \$2.5m) as shipments of DLA ESAPI product ramped up. Revenue excluding armour totalled \$101.6 million (HY22: \$119.4 million), down 14.9% (down 14.2% on a constant currency basis).

Adjusted EBITDA of \$11.2 million (HY22: \$6.2 million) is up 80.6% (30.2% on a constant currency basis) compared to the prior period, with the decrease in revenue offset by improved mix, cost reductions and the initial impacts of operational efficiency improvements implemented. Adjusted EBITDA margin of 9.6% represents an increase of 450bps (250bps on a constant currency basis). Adjusted EBITDA losses for armour totalled \$4.7 million (HY22: loss of \$6.3 million), resulting in adjusted EBITDA excluding armour of \$15.9 million, up 27.2% (6.7% on a constant currency basis) compared to the prior year (HY22: \$12.5 million), and EBITDA margin excluding armour of 15.6%, up 510bps.

Adjusted operating profit of \$4.2 million (HY22: loss of \$1.2 million) is after adjusted depreciation and amortisation of \$7.0 million (HY22: \$7.4 million), an increase of 450% (180.0% on a constant currency basis) compared to the prior period.

Statutory operating loss was \$1.6 million (HY22: loss of \$10.7 million) after \$5.8 million adjustments (HY22: \$9.5 million adjustments) with the decreased loss reflecting increased adjusted operating profit, and \$3.8 million of non-current asset impairments in the prior year. The adjusted performance section contains further explanation for adjusting items which are summarised below.

	HY23	HY22
	\$m	\$m
Statutory operating loss	(1.6)	(10.7)
Amortisation of acquired intangibles	3.1	3.5
Impairment of non-current assets	-	3.8
Restructuring costs	2.3	1.4
Transaction costs	0.4	0.8
Adjusted operating profit	4.2	(1.2)

Adjusted net finance costs increased to \$3.3 million (HY22: \$1.6 million) due to higher net debt and variable interest charges.

After an adjusted tax charge of \$0.2 million (HY22: credit of \$0.6 million), the Group recorded an adjusted profit for the period after tax of \$0.7 million (HY22: loss of \$2.2 million).

Adjusted basic earnings per share increased to 2.4 cents (HY22: negative 7.2 cents).

Return on invested capital, calculated on a rolling 12-month basis, improved to 5.6% (HY22: 2.8%), reflecting higher adjusted operating profit.

Statutory net finance costs of \$3.7 million (HY22: \$2.9million) include \$0.4 million (HY22: \$0.8 million) net interest expense on the U.K. defined benefit pension scheme liability.

Statutory loss before tax from continuing operations was \$5.3 million (HY22: loss of \$13.6 million) and, after a tax credit of \$1.1 million (HY22: credit of \$2.9 million), the loss for the period from continuing operations was \$4.2 million (HY22: loss of \$10.7 million). Basic losses per share from continuing operations were 14.0 cents (HY22: losses of 34.9 cents).

Revenue \$m	HY23				HY22			
	Respiratory Protection	Head Protection	Armour	Total	Respiratory Protection	Head Protection	Armour	Total
U.S. DOD	34.1	8.3	-	42.4	24.0	19.5	-	43.5
Commercial Americas	14.6	12.1	-	26.7	17.7	13.0	-	30.7
U.K. & International	19.8	12.7	-	32.5	41.1	4.1	-	45.2
Total excluding Armour	68.5	33.1	-	101.6	82.8	36.6	-	119.4
Armour	-	-	14.6	14.6	-	-	2.5	2.5
Total	68.5	33.1	14.6	116.2	82.8	36.6	2.5	121.9

U.S. DOD

U.S. DOD revenue declined by 2.5% to \$42.4 million (HY22: \$43.5 million). U.S. DOD Respiratory revenue grew by 42.1% to \$34.1 million (HY22: \$24.0 million) with strong sales of M50 masks and M61 filters, partially offset by non-recurrence of M69 mask revenue following contract completion last year. Head Protection revenue declined by 57.4% to \$8.3 million (HY22: \$19.5 million). HY22 benefited from first generation IHPS revenue which has not repeated this year due to the manufacture of NG IHPS for delivery in H2 2023 and beyond.

U.S. DOD closing order book for HY23 of \$91.8 million (HY22: \$52.5 million) is comprised of \$28.6 million respiratory orders and \$63.2 million Head Protection orders, which includes \$42 million of NG IHPS and \$13 million of ACH GEN II orders.

Commercial Americas

Commercial Americas revenue declined by 13.0% to \$26.7 million (HY22: \$30.7 million). Commercial Americas Respiratory revenue declined by 18.1% to \$14.5 million (HY22: \$17.7 million) with decreases in Respiratory revenue following deliveries in support of Ukraine in the prior year. Head Protection revenue declined by 6.9% to \$12.1 million (HY22: \$13.0 million) with a decline in EXFIL SL helmets partially offset by increased sales of F90 helmets.

Commercial Americas closing order book for HY23 of \$7.5 million (HY22: \$6.1 million), comprises \$3.9 million of Respiratory orders and \$3.6 million of Head Protection orders.

U.K. & International

U.K. & International revenue declined by 28.1% (26.6% on a constant currency basis) to \$32.5 million (HY22: \$45.2 million). U.K. & International Respiratory revenue declined by 51.7% (50.6% on a constant currency basis) to \$19.8 million (HY22: \$41.0 million) following a very strong prior year comparator with the NSPA contract. U.K. & International Head Protection revenue grew by 209.8% (208.2% on a constant currency basis) to \$12.7 million (HY22: \$4.1 million) with a large delivery of EXFIL Ballistic helmets to the Australian Defence Force.

U.K. & International closing order book for HY23 of \$45.4 million (HY22: \$52.1 million) is comprised of \$41.4 million (HY22: \$49.0 million) of Respiratory orders, including a \$14 million order for the middle east expected to ship in H2, and \$4.0 million (HY22: \$3.1 million) of Head Protection orders.

Armour

Armour revenue increased to \$14.6 million (HY22: \$2.5 million), leaving us on track to have fulfilled all obligations by the end of the financial year.

Armour closing order book of \$16.0 million (HY22: \$24.4 million) comprises \$8.0 million of DLA ESAPI and \$8.0 million of flat armour.

Research and development expenditure

Total investment in research and development (capitalised and expensed) was \$5.1m (HY22: \$5.3m), in line with the prior period.

	HY23 \$m	HY22 \$m
Total expenditure	5.1	5.3
Less customer funded	(0.6)	(0.7)
Group expenditure	4.5	4.6
Capitalised	(2.2)	(2.7)
Income statement impact	2.3	1.9
Amortisation and impairment of development expenditure	2.5	3.7
Total income statement impact	4.8	5.6
Revenue	116.2	121.9
R&D spend as a % of revenue	4.1%	4.3%

Respiratory expenditure has primarily focused on completing the development of the EXOSKIN line of boots and gloves, whilst Head Protection expenditure continued to centre around NG IHPS and ACH GEN II helmet development.

In HY23 research and development costs have been reclassified as a separate line item below gross profit in the Consolidated Statement of Comprehensive Income, with comparatives restated accordingly.

Net debt and cash flow

	HY23 \$m	HY22 \$m
Adjusted continuing EBITDA	11.2	6.2
Share-based payments and defined benefit pension scheme costs	1.2	1.2
Working capital	(23.4)	(2.2)
Cash flows from continuing operations before exceptional items	(11.0)	5.2
Restructuring and transaction costs paid	(1.6)	(0.8)
Cash flows from continuing operations	(12.6)	4.4
Cash flows from discontinued operations	(0.4)	(0.6)
Cash flow from operations	(13.0)	3.8
Payments to pension plan	-	(2.6)
Net finance costs	(3.0)	(1.3)
Repayment of lease liability	(1.5)	(2.1)
Tax received	3.9	0.6
Capital Expenditure	(4.9)	(5.8)
Acquisitions	-	(3.2)
Purchase of own shares - share buyback	-	(10.1)
Dividends to shareholders	(9.1)	(9.1)
Change in net debt	(27.6)	(29.8)
Opening net debt, excluding lease liabilities	(44.2)	(26.8)
Closing net debt, excluding lease liabilities	(71.8)	(56.6)

Cash flows from continuing operations before exceptional items were an outflow \$11.0 million (HY22: inflow of \$5.2 million) principally due to increased inventory holdings for anticipated H2 deliveries.

Dividends and purchase of own shares were \$9.1 million (HY22: \$19.2 million), with the reduction reflecting the cessation of the buyback programme in April 2022. The buyback programme has now been formally cancelled.

Tax was an inflow of \$3.9m (HY22: inflow of \$0.6m), due to historical amounts owed being settled in the period.

Net debt was \$94.9 million (FY22: net debt \$68.0 million), which includes lease liabilities of \$23.1 million (FY22: \$23.8 million). Excluding lease liabilities, net debt was \$71.8 million (FY22: net debt \$44.2 million). The change in net debt is principally due to increased inventory holding in support of NG IHPS and increased respiratory deliveries scheduled for H2.

Armour update

The following tables summarise the contribution of the Armour business to the Group's financial statements for HY23.

Armour	HY23	HY22
Orders received	\$0.2m	\$0.3m
Closing order book	\$16.0m	\$24.4m
Revenue	\$14.6m	\$2.5m

HY23 adjusted	Armour \$m	Respiratory & Head \$m	Total \$m
Orders received	0.2	125.4	125.6
Closing order book	16.0	144.7	160.7
Revenue	14.6	101.6	116.2
Adjusted EBITDA	(4.7)	15.9	11.2
Adjusted EBITDA margin	(32.2%)	15.6%	9.6%
Adjusted operating profit/(loss)	(4.7)	8.9	4.2

HY23 adjustments	Armour \$m	Respiratory & Head \$m	Total \$m
Revenue	-	-	-
EBITDA ¹	(0.8)	(1.2)	(2.0)
Operating profit/(loss) ¹	(0.8)	(5.0)	(5.8)

HY23 total	Armour \$m	Respiratory & Head \$m	Total \$m
Revenue	14.6	101.6	116.2
EBITDA	(5.5)	14.7	9.2
Operating profit/(loss)	(5.5)	3.9	(1.6)

¹ Armour operating loss adjustments totalling a charge of \$0.8 million comprise \$0.4 million transaction costs and \$0.4 million of armour specific restructuring costs.

Defined benefit pension scheme

The Group operated a contributory defined benefits plan to provide pension and death benefits for the employees of Avon Protection plc and its Group undertakings in the U.K. employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately 12 years. The net pension liability for the scheme amounted to \$16.5 million as at 1 April 2023 (FY22: \$6.3 million). The increase is due to a lower discount rate being applied to pension liabilities.

There were no contributions in respect of scheme expenses and deficit recovery plan payments in the period as these were fully prepaid for FY23 in the previous year. In accordance with the deficit recovery plan agreed following the 31 March 2019 actuarial valuation, the Group will make payments in FY24 of \$4.3 million in respect

of deficit recovery and scheme expenses. These payments are subject to review following the March 2022 actuarial valuation which will be finalised during H2 2023.

Foreign exchange and interest rate risk management

The Group is exposed to translational foreign exchange risk arising when the results of sterling denominated companies are consolidated into the Group presentational currency, U.S. dollars. Group policy is not to hedge translational foreign exchange risk. Due to the translational effect, a one-cent increase in the value of the U.S. dollar against sterling would have decreased revenue by approximately \$0.1 million and increased operating profit by approximately \$0.1 million for HY23.

RCF borrowings are floating rate priced using the U.S. Secured Overnight Financing Rate (SOFR). In 2022 the Group implemented a hedging policy using interest rate swaps to fix a portion of SOFR floating rate interest. The notional value of interest rate swaps at 1 April 2023 was \$30.0 million (FY22: \$30.0 million), expiring on 8 September 2025 in line with the RCF. The financial value of interest rate swaps at 1 April 2023 was a \$0.4m (FY22: \$0.5m), an asset position as hedged fixed rates are lower than current market forecasts for SOFR.

Dividends

The Board has proposed an interim dividend of 14.3 cents per share (HY22: 14.3 cents) in line with the interim dividend last year. The interim dividend will be paid in pounds sterling on 8 September 2023 to shareholders on the register at 11 August 2023. The final dividend will be converted into pounds sterling for payment at the prevailing exchange rate which will be announced prior to payment.

As mentioned previously, we will be reviewing our dividend policy in the second half of the year to ensure it aligns with our new strategy.

Jos Sclater
Chief Executive Officer
23 May 2023

Rich Cashin
Chief Financial Officer
23 May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the United Kingdom, and that the interim management report herein includes a true and fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.
- A true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation.

Miles Ingrey-Counter
Company Secretary
23 May 2023

FORWARD-LOOKING STATEMENTS

Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

COMPANY WEBSITE

The half year report is available on the Company's website at <https://www.avon-protection-plc.com/>. The maintenance and integrity of the website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT REVIEW REPORT TO AVON PROTECTION PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 01 April 2023 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 01 April 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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 ("ISRE (UK) 2410") issued for use in the UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

Conclusions 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 that causes us to believe 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 have not been 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 group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, 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 group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.



Andrew Campbell-Orde
for and on behalf of KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

23 May 2023

Consolidated Statement of Comprehensive Income for the 26 weeks ended 01 April 2023

	Note	26 weeks to 01 April 2023			26 weeks to 02 April 2022 (restated) ¹		
		Adjusted \$m	Adjustments \$m (Note 2.1)	Total \$m	Adjusted \$m	Adjustments \$m (Note 2.1)	Total \$m
Continuing operations							
Revenue	2.2	116.2	-	116.2	121.9	-	121.9
Cost of sales		(77.4)	(0.4)	(77.8)	(83.6)	-	(83.6)
Gross profit		38.8	(0.4)	38.4	38.3	-	38.3
Selling and distribution costs		(10.9)	-	(10.9)	(12.8)	-	(12.8)
Research and development costs		(4.8)	-	(4.8)	(4.0)	(1.6)	(5.6)
General and administrative expenses		(18.9)	(5.4)	(24.3)	(22.7)	(7.9)	(30.6)
Operating (loss)/profit		4.2	(5.8)	(1.6)	(1.2)	(9.5)	(10.7)
Net finance costs	4.3	(3.3)	(0.4)	(3.7)	(1.6)	(1.3)	(2.9)
(Loss)/profit before taxation		0.9	(6.2)	(5.3)	(2.8)	(10.8)	(13.6)
Taxation	2.5	(0.2)	1.3	1.1	0.6	2.3	2.9
(Loss)/profit for the period from continuing operations		0.7	(4.9)	(4.2)	(2.2)	(8.5)	(10.7)
Discontinued operations							
Profit/(loss) from discontinued operations	2.3	-	0.8	0.8	-	(1.2)	(1.2)
(Loss)/profit for the period		0.7	(4.1)	(3.4)	(2.2)	(9.7)	(11.9)

¹ The comparatives for the 26 weeks to 02 April 2022 have been restated to reflect reclassification of research and development costs as disclosed in note 5.5.

Consolidated Statement of Comprehensive Income for the 26 weeks ended 01 April 2023 (Continued)

	Note	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Loss for the period		(3.4)	(11.9)
Other comprehensive income/(expense)			
<i>Items that are not subsequently reclassified to the income statement</i>			
Remeasurement (loss)/gain recognised on retirement benefit scheme	5.2	(8.3)	36.4
Deferred tax relating to retirement benefit scheme		2.1	(9.3)
<i>Items that may be subsequently reclassified to the income statement</i>			
Cash flow hedges		(0.1)	-
Net exchange differences offset in reserves		0.3	0.4
Other comprehensive (expense)/ income for the period		(6.0)	15.6
Total comprehensive (expense)/income for the period		(9.4)	3.7
Earnings per share (cents)			
Basic		(11.4c)	(38.8c)
Diluted		(11.4c)	(38.8c)
Earnings per share from continuing operations (cents)			
Basic		(14.0c)	(34.9c)
Diluted		(14.0c)	(34.9c)

Consolidated Balance Sheet

	Note	As at 01 April 2023 \$m	As at 01 Oct 2022 \$m
Assets			
Non-current assets			
Intangible assets	3.1	168.1	171.0
Property, plant and equipment	3.2	37.1	39.9
Finance leases	3.3	2.5	-
Deferred tax assets		29.9	26.7
Derivative financial instruments		0.2	0.3
		237.8	237.9
Current assets			
Inventories		82.3	65.6
Trade and other receivables		34.8	30.6
Derivative financial instruments		0.2	0.2
Current tax receivables		1.3	4.2
Cash and cash equivalents		14.9	9.5
		133.5	110.1
Liabilities			
Current liabilities			
Borrowings	4.1	4.3	4.1
Trade and other payables		40.3	42.3
Provisions for liabilities and charges	5.1	0.8	0.7
		45.4	47.1
Net current assets			
		88.1	63.0
Non-current liabilities			
Borrowings	4.1	105.6	73.4
Deferred tax liabilities		5.8	5.8
Retirement benefit obligations	5.2	16.5	6.3
Provisions for liabilities and charges	5.1	5.2	4.9
		133.1	90.4
Net assets			
		192.8	210.5
Shareholders' equity			
Ordinary shares	4.4	50.3	50.3
Share premium account	4.4	54.3	54.3
Other reserves		(13.9)	(14.2)
Cash flow hedging reserve		0.3	0.4
Retained earnings		101.8	119.7
Total equity		192.8	210.5

Consolidated Cash Flow Statement

	Note	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Cash flow from operating activities			
Cash flow from continuing operations	5.3	(12.6)	4.4
Cash flow used in discontinued operations	5.3	(0.4)	(0.6)
Cash flow from operations		(13.0)	3.8
Retirement benefit deficit recovery contributions	5.2	-	(2.6)
Tax receipts		3.9	0.6
Net cash flow (used in)/from operating activities		(9.1)	1.8
Cash flow used in investing activities			
Purchase of property, plant and equipment	3.2	(2.1)	(2.9)
Capitalised development costs and computer software	3.1	(2.8)	(2.9)
Interest income	4.3	0.2	-
Acquisition of business		-	(3.2)
Net cash used in investing activities		(4.7)	(9.0)
Cash flow used in financing activities			
Proceeds from loan drawdowns	4.2	42.0	33.9
Loan repayments	4.2	(9.0)	(5.6)
Finance costs paid in respect of bank loans and overdrafts	4.3	(2.7)	(0.8)
Finance costs paid in respect of leases	4.3	(0.5)	(0.5)
Repayment of lease liability		(1.5)	(2.1)
Dividends paid to shareholders	4.5	(9.1)	(9.1)
Purchase of own shares – Share buyback programme	4.4	-	(10.1)
Net cash from financing activities		19.2	5.7
Net increase/(decrease) in cash and cash equivalents		5.4	(1.5)
Cash and cash equivalents at beginning of the period		9.5	14.1
Cash and cash equivalents at end of the period		14.9	12.6

Consolidated Statement of Changes in Equity

	Note	Share capital \$m	Share premium \$m	Hedging reserve \$m	Other reserves \$m	Retained earnings \$m	Total equity \$m
At 02 October 2021		50.3	54.3	-	(15.0)	115.8	205.4
Loss for the period		-	-	-	-	(11.9)	(11.9)
Net exchange differences offset in reserves		-	-	-	0.4	-	0.4
Actuarial loss on retirement benefit scheme		-	-	-	-	36.4	36.4
Deferred tax relating to retirement benefit scheme		-	-	-	-	(9.3)	(9.3)
Total comprehensive income for the period		-	-	-	0.4	15.2	15.6
Dividends paid	4.5	-	-	-	-	(9.1)	(9.1)
Own shares acquired	4.4	-	-	-	-	(10.7)	(10.7)
Fair value of share-based payments		-	-	-	-	0.5	0.5
At 02 April 2022		50.3	54.3	-	(14.6)	111.7	201.7
Profit for the period		-	-	-	-	4.3	4.3
Net exchange differences offset in reserves		-	-	-	0.4	-	0.4
Current tax relating to other temporary differences		-	-	-	-	(0.1)	(0.1)
Actuarial gain on retirement benefit scheme		-	-	-	-	13.7	13.7
Deferred tax relating to retirement benefit scheme		-	-	-	-	(0.3)	(0.3)
Deferred tax relating to change in tax rates		-	-	-	-	(3.4)	(3.4)
Interest rate swaps – cash flow hedge		-	-	0.5	-	-	0.5
Current tax on interest rate swaps		-	-	(0.1)	-	-	(0.1)
Total comprehensive income for the period		-	-	0.4	0.4	14.2	15.0
Dividends paid	4.5	-	-	-	-	(4.3)	(4.3)
Own shares acquired		-	-	-	-	(1.7)	(1.7)
Fair value of share-based payments		-	-	-	-	0.5	0.5
Deferred tax relating to employee share schemes		-	-	-	-	(0.7)	(0.7)
At 01 October 2022		50.3	54.3	0.4	(14.2)	119.7	210.5
Loss for the period		-	-	-	-	(3.4)	(3.4)
Net exchange differences offset in reserves		-	-	-	0.3	-	0.3
Actuarial loss on retirement benefit scheme		-	-	-	-	(8.3)	(8.3)
Deferred tax relating to retirement benefit scheme		-	-	-	-	2.1	2.1
Interest rate swaps – cash flow hedge		-	-	(0.1)	-	-	(0.1)
Total comprehensive income for the period		-	-	(0.1)	0.3	(9.6)	(9.4)
Dividends paid	4.5	-	-	-	-	(9.1)	(9.1)
Fair value of share-based payments		-	-	-	-	0.8	0.8
At 01 April 2023		50.3	54.3	0.3	(13.9)	101.8	192.8

Other reserves consist of the capital redemption reserve of \$0.6m (02 April 2022: \$0.6m, 01 October 2022: \$0.6m) and the translation reserve of (\$14.5m) (02 April 2022: (\$15.2m), 01 October 2022: (\$14.8m)).

NOTES TO THE FINANCIAL STATEMENTS

Section 1: General Information and Basis of Preparation

The Company is a public limited Company incorporated in England and Wales and domiciled in England with its ordinary shares being traded on the London Stock Exchange. The address of its registered office is Hampton Park West, Semington Road, Melksham, Wiltshire, SN12 6NB.

This unaudited condensed consolidated interim financial information was approved for issue on 23 May 2023.

The financial period presents the 26 weeks ended 1 April 2023 (prior financial period 26 weeks ended 2 April 2022, prior financial year 52 weeks ended 1 October 2022).

The financial information set out in this document does not constitute the Group's statutory accounts for the period or the full year. Statutory accounts for the previous financial year were approved by the Board of Directors on 21 November 2022 and delivered to the Registrar of Companies.

The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information for the 26 weeks ended 1 April 2023 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the United Kingdom. These interim financial results should be read in conjunction with the annual financial statements for the year ended 1 October 2022, which have been prepared in accordance with UK-adopted International accounting standards.

The financial information presented in this Interim Report has been prepared in accordance with the accounting policies expected to be used in preparing the 2023 Annual Report and Accounts which do not differ significantly from those used in the preparation of the 2022 Annual Report and Accounts.

The Directors have prepared a going concern assessment covering the 52 week period from the date of approval of these interim financial statements. The assessment indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

As part of their assessment, the Directors considered a base case and a severe downside scenario involving a 32% decline in bank-determined adjusted EBITDA against the base case. Even in this severe downside scenario, the assessment indicates that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period. The Group has committed RCF facilities of \$200 million and related loan covenants include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-determined adjusted EBITDA (leverage). \$142 million of the facility matures on 8 September 2025. The remaining \$58 million matures on 8 September 2024, subject to a one-year extension option to 8 September 2025.

On this basis, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the approval of these interim financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its interim financial statements.

Section 2: Results for the Period

2.1 Adjusted performance measures

The Directors assess the operating performance of the Group based on adjusted measures of EBITDA, operating profit, finance costs, taxation and earnings per share (note 2.4), as well as other measures not defined under IFRS including orders received, closing order book, EBITDA margin, ROIC and net debt excluding lease liabilities (note 4.2). These measures are collectively described as Adjusted Performance Measures (APMs).

The Directors believe that the APMs provide a useful comparison of business trends and allow investors to understand the underlying performance of the Group. The APMs exclude exceptional items considered unrelated to the underlying trading performance of the Group and discontinued operations. APMs also include constant currency equivalent metrics. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

Adjustments to operating profit

	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Operating loss	(1.6)	(10.7)
Amortisation of acquired intangibles	3.1	3.5
Restructuring costs	2.3	1.4
Transaction costs	0.4	0.8
Impairment of non-current assets	-	3.8
Adjusted operating profit/(loss)	4.2	(1.2)
Depreciation	3.9	4.7
Other amortisation charges	3.1	2.7
Adjusted EBITDA	11.2	6.2

Amortisation charges for acquired intangible assets of \$3.1 million (HY22: \$3.5 million) are excluded from adjusted measures as they do not change each period based on underlying business trading and performance.

Restructuring costs relating to the closure of Armour and the overhead reduction programme were \$2.3 million (HY22: \$1.4 million). These costs include a \$0.5m right of use asset impairment relating to the closure of one of our U.S. offices (HY22: \$0.4 million). These costs are considered exceptional as they relate to a specific programme which does not form part of the underlying business trading and performance.

Transaction costs of \$0.4 million (HY22: \$0.8 million) relate to the planned sale of the armour related assets later in FY23. These costs are considered exceptional as they are specific to the wind down of the Armour business and do not form part of the underlying business trading and performance.

In the prior year, impairment reviews for the Group's non-current assets resulted in \$3.8 million exceptional impairment losses as the carrying value of certain cash-generating units exceeded estimated recoverable amounts. These impairment losses were significant items resulting from changes in assumptions for future recoverable amounts. As such they were considered unrelated to 2022 trading performance. No indications for further impairments were identified in the current period.

Adjustments to finance costs	26 weeks to 01 April 2023	26 weeks to 02 April 2022
	\$m	\$m
Net finance costs	(3.7)	(2.9)
U.K. defined benefit pension scheme net interest expense	0.4	0.8
Contingent consideration unwind discount	-	0.5
Adjusted net finance costs	(3.3)	(1.6)

\$0.4 million (HY22: \$0.8 million) net interest expense on the U.K. defined benefit pension scheme liability is treated as exceptional given the scheme relates to employees employed prior to 31 January 2003 and was closed to future accrual of benefits on 1 October 2009 (note 5.2).

In the prior year, \$0.5 million related to unwind of discounting on contingent consideration from the 3M ballistic acquisition.

Adjustments to taxation

Adjustments to taxation represent the tax effects of the adjustments to operating profit and finance costs. Adjusting items do not have significantly different tax rates, with the overall effective rate of 21% (HY22: 21%) approximating statutory rates applicable in the U.S. and U.K.

Constant currency reporting

Constant currency measures remove the impact of changes in exchange rates. Constant currency measures are calculated by translating the prior period at HY23 exchange rates.

The Armour business transacts entirely in USD meaning there is no currency impact for this operating segment.

Group	26 weeks to 01 April 2023	26 weeks to 02 April 2022	Change (constant currency)
Orders received	\$125.6m	\$112.2m	11.9%
Closing order book	\$160.7m	\$133.8m	20.1%
Revenue	\$116.2m	\$120.9m	(3.9%)
Adjusted EBITDA	\$11.2m	\$8.6m	30.2%
Adjusted operating profit	\$4.2m	\$1.5m	180.0%
Adjusted profit before tax	\$0.9m	\$0.0m	
Adjusted basic earnings per share	2.4c	2.0c	15.3%
Respiratory and Head Protection			
Orders received	\$125.4m	\$111.9m	12.1%
Closing order book	\$144.7m	\$109.4m	32.4%
Revenue	\$101.6m	\$118.4m	(14.2%)
Adjusted EBITDA	\$15.9m	\$14.9m	6.7%
Adjusted operating profit	\$8.9m	\$7.8m	14.1%
Adjusted profit before tax	\$5.7m	\$6.4m	(10.9%)
Adjusted basic earnings per share	15.3c	18.3c	(16.9%)

Return on invested capital (ROIC)

	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Net assets	192.8	201.7
Net debt	71.8	56.6
Lease liabilities	23.1	26.7
Retirement benefit obligations	16.5	28.7
Derivatives	(0.4)	-
Net tax	(25.4)	(34.7)
Total invested capital	278.4	279.0
Average invested capital	278.7	300.5
Adjusted operating profit (preceding 12 months)	15.6	8.3
ROIC	5.6%	2.8%

2.2 Operating segments

The Group Executive team is responsible for allocating resources and assessing performance of its operating segments. Operating segments are therefore reported in a manner consistent with the internal reporting provided to the Group Executive team.

The Group has two different operating and reportable segments, these being the core Respiratory and Head Protection business and the Armour business which is in the process of being wound-down. The Group plans to split Respiratory and Head Protection into separate segments in the second half of the financial year in order to enable more granular analysis.

	26 weeks to 01 April 2023			Total
	Armour	Respiratory & Head Protection	Adjustments & discontinued (note 2.1 & 2.3)	
	\$m	\$m	\$m	\$m
Revenue	14.6	101.6	-	116.2
Adjusted EBITDA	(4.7)	15.9	(2.0)	9.2
Depreciation	-	(3.9)	-	(3.9)
Other amortisation charges	-	(3.1)	-	(3.1)
Amortisation of acquired intangibles	-	-	(3.1)	(3.1)
Other adjusting items (note 2.1)	-	-	(0.7)	(0.7)
Operating profit/(loss)	(4.7)	8.9	(5.8)	(1.6)
Net finance costs	(0.1)	(3.2)	(0.4)	(3.7)
Profit/(loss) before taxation	(4.8)	5.7	(6.2)	(5.3)
Taxation	0.9	(1.1)	1.3	1.1
Profit/(loss) for the period from continuing operations	(3.9)	4.6	(4.9)	(4.2)
Profit from discontinued operations	-	-	0.8	0.8
Profit/(loss) for the period	(3.9)	4.6	(4.1)	(3.4)
Total assets	15.1	177.7	-	192.8
Basic earnings per share (cents)	(12.9c)	15.3c	(13.8c)	(11.4c)
Diluted earnings per share (cents)	(12.9c)	15.3c	(13.8c)	(11.4c)

	26 weeks to 02 April 2022			
	Armour	Respiratory & Head Protection	Adjustments & discontinued (Note 2.1 & 2.3)	Total
	\$m	\$m	\$m	\$m
Revenue	2.5	119.4	-	121.9
Adjusted EBITDA	(6.3)	12.5	-	6.2
Depreciation	-	(4.7)	-	(4.7)
Other amortisation charges	-	(2.7)	-	(2.7)
Amortisation of acquired intangibles	-	-	(3.5)	(3.5)
Other adjusting items (note 2.1)	-	-	(6.0)	(6.0)
Operating profit/(loss)	(6.3)	5.1	(9.5)	(10.7)
Finance costs	(0.1)	(1.5)	(1.3)	(2.9)
Profit/(loss) before taxation	(6.4)	3.6	(10.8)	(13.6)
Taxation	1.4	(0.8)	2.3	2.9
Profit/(loss) for the period from continuing operations	(5.0)	2.8	(8.5)	(10.7)
Loss from discontinued operations	-	-	(1.2)	(1.2)
Profit/(loss) for the period	(5.0)	2.8	(9.7)	(11.9)
Total assets	18.2	361.7	-	379.9
Basic earnings per share (cents)	(16.3c)	9.1c	(31.6c)	(38.8c)
Diluted earnings per share (cents)	(16.3c)	9.1c	(31.6c)	(38.8c)

Revenue analysed by line of business

	01 April 2023				02 April 2022			
	Respiratory \$m	Head Protection \$m	Armour \$m	Total \$m	Respiratory \$m	Head Protection \$m	Armour \$m	Total \$m
U.S. DOD	34.1	8.3	14.6	57.0	24.0	19.5	2.5	46.0
Commercial Americas	14.6	12.1	-	26.7	17.7	13.0	-	30.7
U.K. & International	19.8	12.7	-	32.5	41.1	4.1	-	45.2
Total	68.5	33.1	14.6	116.2	82.8	36.6	2.5	121.9

Revenue analysed by geographic region by origin

	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
U.K.	16.5	37.4
U.S.	99.7	84.5
Total	116.2	121.9

2.3 Discontinued Operations

In September 2020 the Group divested the entire milkrite | InterPuls business. As part of the sale and purchase agreement, the Group entered into a Manufacturing Service Agreement whilst arrangements were made to relocate manufacturing equipment from a previously shared U.K. facility. As the activities under this agreement is not part of the continuing operations of the Group, the revenue and costs associated with this agreement have been classified as discontinued operations.

	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Revenue	2.6	1.7
Cost of Sales	(1.6)	(3.2)
Gross Profit/(loss)	1.0	(1.5)
General and administrative expenses	-	-
Operating profit/(loss)	1.0	(1.5)
Finance costs	-	-
Profit/(loss) before taxation	1.0	(1.5)
Taxation	(0.2)	0.3
Profit/(loss) from discontinued operations	0.8	(1.2)
Basic earnings per share (cents)	2.7c	(3.9c)
Diluted earnings per share (cents)	2.7c	(3.9c)

2.4 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held as treasury shares (note 4.4). The company has dilutive potential ordinary shares in respect of the Performance Share Plan. Reconciliations of the earnings and weighted average number of shares used in calculations of earnings per share are set out below:

Weighted average number of shares

	26 weeks to 01 April 2023	26 weeks to 02 April 2022
Weighted average number of ordinary shares in issue used in basic calculations (thousands)	29,996	30,644
Potentially dilutive shares (weighted average) (thousands)	331	284
Fully diluted number of ordinary shares (weighted average) (thousands)	30,327	30,928

2.5 Taxation

	26 weeks to 01 April 2023	26 weeks to 02 April 2022
	\$m	\$m
Loss before taxation from continuing operations	(5.3)	(13.6)
Tax charge/(credit) at the average standard U.K. rate of 22.0% (HY22: 19.0%)	(1.2)	(2.6)
Differences in overseas tax rates	(0.1)	(0.2)
Permanent differences	0.2	(0.1)
Tax credit	(1.1)	(2.9)

The effective tax rate for the period is 21% (HY22: 21%).

Section 3: Non-current assets

3.1 Intangible assets

	Goodwill	Acquired intangibles	Development expenditure	Computer software	Total
Net book amounts	\$m	\$m	\$m	\$m	\$m
At 01 October 2022	88.7	52.1	21.1	9.1	171.0
Additions	-	-	2.2	0.6	2.8
Amortisation	-	(3.1)	(2.5)	(0.6)	(6.2)
Exchange differences	-	-	0.5	-	0.5
At 01 April 2023	88.7	49.0	21.3	9.1	168.1

The carrying amounts of non-financial assets have been reviewed at the interim reporting date to determine whether there is any indication of impairment. No indications of impairment were identified in the period.

3.2 Property, plant and equipment

Net book amounts	Freeholds \$m	Right of use assets \$m	Plant and machinery \$m	Leasehold improvements \$m	Total \$m
At 01 October 2022	1.7	12.6	22.6	3.0	39.9
Additions	-	-	2.1	-	2.1
Transfer to finance leases	-	(1.5)	-	-	(1.5)
Impairments	-	(0.5)	(0.2)	-	(0.7)
Depreciation	(0.1)	(1.3)	(2.3)	(0.2)	(3.9)
Exchange differences	-	0.5	0.8	(0.1)	1.2
At 01 April 2023	1.6	9.8	23.0	2.7	37.1

The Group sub-leases legacy commercial premises where they are longer required for operations, resulting in lease assets being held on the balance sheet.

Following the sub-let of an additional property in the period, these assets have been transferred from right of use assets to a specific finance lease balance sheet classification as they are now considered collectively material.

3.3 Finance leases

	Finance leases \$m
At 01 October 2022	-
Transfer from property, plant and equipment	1.5
Additions	1.1
Payments received	(0.1)
At 01 April 2023	2.5

Section 4: Funding

4.1 Borrowings

	As at 01 April 2023 \$m	As at 01 Oct 2022 \$m
Current		
Lease liabilities	4.3	4.1
Non-Current		
Bank Loans	86.7	53.7
Lease liabilities	18.9	19.7
	105.6	73.4
Total Group borrowings	109.9	77.5

The Group has the following committed facilities:

	As at 01 April 2023 \$m	As at 01 Oct 2022 \$m
Total undrawn committed borrowing facilities	118.3	151.3
Bank loans and overdrafts utilised	86.7	53.7
Total Group committed facilities	205.0	205.0

The Group has a revolving credit facility (RCF) with a total commitment of \$200 million across six lenders with an accordion option of an additional \$50 million. \$142 million of the facility matures on 8 September 2025. The remaining \$58 million matures on 8 September 2024, subject to a one-year extension option to 8 September 2025. In addition to the RCF, the Group's U.S. operations have access to a \$5.0 million overdraft facility.

The RCF is subject to financial covenants measured on a bi-annual basis. These include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-defined adjusted EBITDA (leverage). The Group was in compliance with all financial covenants during the current and prior period.

The RCF is floating rate priced on the U.S. dollar secured overnight financing rate (SOFR) plus a margin of 1.45-2.35% depending on leverage. In 2022 the Group implemented a hedging policy using interest rate swaps to fix a portion of SOFR floating rate interest. The notional value of interest rate swaps at 1 April 2023 was \$30.0 million (01 October 2022: \$30.0 million), expiring on 8 September 2025 in line with the RCF.

The Group has provided the lenders with a negative pledge in respect of certain shares in Group companies.

4.2 Analysis of net debt

	As at 01 Oct 2022 \$m	Cash flow \$m	Non-cash movements \$m	Exchange movements \$m	As at 01 April 2023 \$m
Cash at bank and in hand	9.5	5.4	-	-	14.9
Bank loans	(53.7)	(33.0)	-	-	(86.7)
Net debt excluding lease liabilities	(44.2)	(27.6)	-	-	(71.8)
Lease liabilities	(23.8)	2.1	(1.0)	(0.4)	(23.1)
Net debt	(68.0)	(25.5)	(1.0)	(0.4)	(94.9)

Cash flow relating to bank loans consisted of \$42.0 million proceeds from drawdowns, less \$9.0 million repayments.

4.3 Net finance costs

	26 weeks to 01 April 2023 \$m	26 weeks to 02 April 2022 \$m
Interest payable on bank loans and overdrafts	(2.7)	(0.8)
Interest payable in respect of leases	(0.5)	(0.5)
Amortisation of finance fees	(0.3)	(0.3)
U.K. defined benefit pension scheme net interest expense	(0.4)	(0.8)
Contingent Consideration unwind discount	-	(0.5)
Other finance income	0.2	-
Net finance costs	(3.7)	(2.9)

4.4 Equity

Share Capital

	No. of shares as at 01 April 2023	Ordinary shares as at 01 April 2023 \$m	Share premium as at 01 April 2023 \$m	No. of shares as at 01 Oct 2022	Ordinary shares as at 01 Oct 2022 \$m	Share premium as at 01 Oct 2022 \$m
Called up, allotted and fully paid ordinary shares of £1 each						
At the beginning of the period	31,023,292	50.3	54.3	31,023,292	50.3	54.3
At the end of the period	31,023,292	50.3	54.3	31,023,292	50.3	54.3

Ordinary shareholders are entitled to receive dividends and to vote at meetings of the Company.

Own shares held – Share Buyback Programme

	26 weeks to 01 April 2023 No. of shares	Period ended 01 Oct 2022 No. of shares
Opening balance	765,098	-
Acquired in the period	-	765,098
Closing balance	765,098	765,098

In the 52 weeks ended 1 October 2022, the Group completed a £9.25 million (\$12.4 million) Share Buyback Programme, purchasing 765,098 ordinary shares. Dividends on these shares have been waived. Purchased shares under the programme are held at cost as treasury shares and deducted from shareholders' equity.

Own shares held – Long-Term Incentive Plan

	26 weeks to 01 April 2023 No. of shares	Period ended 01 Oct 2022 No. of shares
Opening balance	261,714	334,933
Acquired in the period	-	-
Disposed on exercise of options	-	(73,219)
Closing balance	261,714	261,714

These shares are held in trust in respect of awards made under the Avon Protection Long-Term Incentive Plan. Dividends on the shares have been waived. The market value of shares held in trust at 02 April 2023 was \$3.0 million (02 April 2022: \$4.5 million). The shares are held at cost as treasury shares and deducted from shareholders' equity.

In December 2021 73,219 shares vested under the Avon Protection Long-Term Incentive Plan and were distributed to employees.

4.5 Dividends

On 27 January 2023, the shareholders approved a final dividend of 30.6c per qualifying ordinary share in respect of the year ended 01 October 2022. This was paid on 10 March 2023 utilising \$9.1 million of shareholders' funds.

The Board of Directors has declared an interim dividend of 14.3c (2022: 14.3c) per qualifying ordinary share in respect of the year ending 30 September 2023. This interim dividend will be paid in sterling at the prevailing exchange rate prior to payment on 08 September 2023 to shareholders on the register at the close of business on 11 August 2023. In accordance with accounting standards, this dividend has not been provided for. It will be recognised in shareholders' funds in the 52 weeks to 30 September 2023 and is expected to utilise \$4.3 million (2022: \$4.4 million) of shareholders' funds.

Section 5: Other

5.1 Provisions for liabilities and charges

	Warranty provisions	Property Obligations	Total
	\$m	\$m	\$m
Balance at 01 October 2022	2.3	3.3	5.6
Provision created in the period	0.2	-	0.2
Payments in the period	(0.1)	-	(0.1)
Foreign exchange movements	-	0.3	0.3
Balance at 01 April 2023	2.4	3.6	6.0

	As at 01 April 2023	As at 01 Oct 2022
	\$m	\$m
Analysis of total provisions		
Current	0.8	0.7
Non-current	5.2	4.9
Total provisions	6.0	5.6

Property obligations relate to leased premises of the Group which are subject to dilapidation risks and are expected to be utilised within the next ten years. Property provisions are subject to uncertainty in respect of any final negotiated settlement of any dilapidation claims with landlords.

5.2 Defined benefit pension scheme

	As at 01 April 2023	As at 01 Oct 2022
	\$m	\$m
Net pension liability	16.5	6.3

Defined benefit pension scheme

The Group operated a contributory defined benefit plan to provide pension and death benefits for the employees of Avon Protection plc and its Group undertakings in the U.K. employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately 12 years. The assets of the plan are held in separate trustee administered funds and are invested by professional investment managers. The Trustee is Avon Rubber Pension Trust Limited, the Directors of which are members of the plan. Three of the Directors are appointed by the Company and two are elected by the members. The defined benefit plan exposes the Group to actuarial risks such as longevity risk, inflation risk and investment risk.

The funding of the plan is based on regular actuarial valuations. The most recent finalised actuarial valuation of the plan was carried out at 31 March 2019 when the market value of the plan's assets was

£335.8 million. The fair value of those assets represented 83% of the value of the benefits which had accrued to members, after allowing for future increase in pensions.

During the period the Group made payments to the fund of \$nil (HY22: \$2.6 million) in respect of scheme expenses and deficit recovery plan payments. In the financial period ending 01 October 2022, the Group made a prepayment of \$4.0m covering all contributions due in FY23. In accordance with the deficit recovery plan agreed following the 31 March 2019 actuarial valuation, the Group will make payments of \$4.3m in FY24 in respect of deficit recovery plan payments and scheme expenses. These payments are subject to review following the March 2022 actuarial valuation which will be finalised in 2023.

The Directors have confirmed no additional liability is required to be recognised as a consequence of minimum funding requirements. The trustees have no rights to wind up the scheme or improve benefits without Company consent.

An updated actuarial valuation for IAS 19 purposes was carried out by an independent actuary at 01 April 2023 using the projected unit method.

Movement in net defined benefit liability

	Defined benefit obligation		Defined benefit asset		Net defined benefit liability	
	01 April 2023 \$m	01 Oct 2022 \$m	01 April 2023 \$m	01 Oct 2022 \$m	01 April 2023 \$m	01 Oct 2022 \$m
At 02 October/01 October	(284.9)	(534.7)	278.6	466.4	(6.3)	(68.3)
Included in profit or loss						
Administrative expenses	(0.5)	(0.8)	-	-	(0.5)	(0.8)
Net interest cost	(8.1)	(10.3)	7.8	9.0	(0.3)	(1.3)
	(8.6)	(11.1)	7.8	9.0	(0.8)	(2.1)
Included in other comprehensive income						
Remeasurement gain:						
– Actuarial gain/(loss) arising from:						
– Demographic assumptions	2.3	(0.2)	-	-	2.3	(0.2)
– Financial assumptions	(8.1)	175.4	-	-	(8.1)	175.4
– Experience adjustment	(5.2)	(11.3)	-	-	(5.2)	(11.3)
– Return on plan assets excluding interest income	-	-	2.7	(113.8)	2.7	(113.8)
	(11.0)	163.9	2.7	(113.8)	(8.3)	50.1
Other						
Contributions by the employer	-	-	-	8.5	-	8.5
Net benefits paid out	11.3	21.5	(11.3)	(21.5)	-	-
FX gain/(loss)	(34.6)	75.5	33.5	(70.0)	(1.1)	5.5
At 01 April/01 October	(327.8)	(284.9)	311.3	278.6	(16.5)	(6.3)

Actuarial assumptions

The main financial assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below:

	01 April 2023 % p.a.	01 Oct 2022 % p.a.
Inflation (RPI)	3.25	3.60
Inflation (CPI)	2.55	2.80
Pension increases post August 2005	2.05	2.30
Pension increases pre August 2005	3.05	3.45
Discount rate for scheme liabilities	4.80	5.30

Plan assets

	01 April 2023 \$m	01 Oct 2022 \$m
Equities and other securities	83.9	105.6
Liability Driven Investment	94.6	54.4
Secured income fund	41.5	53.1
Infrastructure fund	64.7	55.2
Cash	26.6	10.3
Fair value of assets	311.3	278.6

Equity securities are valued using quoted prices in active markets where available.

Liability Driven Investments (LDI) comprises an investment in a level 2 pooled investment vehicle which combines a series of variable interest-earning cash deposits combined with contracts to hedge interest rate and inflation risk. The LDI is valued using a Net Asset Value published on the Irish Stock Exchange.

Holdings in unquoted securities and infrastructure funds are classified as level 3 within the fair value hierarchy. Holdings unquoted securities are valued at fair value which is typically the Net Asset Value provided by the fund administrator at the most recent quarter end. Holdings in the infrastructure fund are valued by an independent valuer using a model-based valuation such as a discounted cash flow approach.

The significant assumptions used in the valuation are the discount rate and the expected cash flow, both of which are subject to estimation uncertainty. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments.

5.3 Cash flow from operations

	26 weeks to 01 April 2023	26 weeks to 02 April 2022
	\$m	\$m
Continuing operations		
(Loss)/profit for the period	(4.2)	(10.7)
Adjustments for:		
Taxation	(1.1)	(2.9)
Depreciation	3.9	4.7
Amortisation of intangible assets	6.2	6.2
Impairments	0.7	4.2
Defined benefit pension scheme cost	0.4	0.7
Finance costs	3.7	2.9
Fair value of share-based payments	0.8	0.5
Restructuring costs expensed (excluding impairments)	1.6	1.0
Transaction costs expensed	0.4	0.8
Increase in inventories	(16.5)	(10.9)
(Increase)/decrease in receivables	(3.9)	10.6
Decrease in payables and provisions	(3.0)	(1.9)
Cash flow from continuing operations before exceptional items	(11.0)	5.2
Restructuring and transaction costs paid	(1.6)	(0.8)
Cash flow from continuing operations	(12.6)	4.4
Discontinued operations		
Profit/(loss) for the period	0.8	(1.2)
Adjustments for:		
Taxation	0.2	(0.3)
(Increase)/decrease in inventories	(0.2)	0.2
Increase in receivables	(0.3)	-
(Decrease)/increase in payables and provisions	(0.9)	0.7
Cash flow from discontinued operations	(0.4)	(0.6)
Cash flow from operations	(13.0)	3.8

5.4 Exchange rates

The following significant exchange rates applied during the period.

	Average rate 01 April 2023	Closing rate 01 April 2023	Average rate 02 April 2022	Closing rate 02 April 2022	Closing rate 01 Oct 2022
GBP	0.8380	0.8085	0.7438	0.7614	0.9058

5.5 Restatements

The comparatives for the period to 02 April 2022 have been restated to reflect the reclassification of research and development costs as a separate line item below gross profit. This change in accounting policy provides visibility of research and development costs on the face of the consolidated statement of comprehensive income when it was previously only reported in the financial review. This presentation is consistent and comparable with common market practice and therefore provides reliable and more relevant information to the reader of the accounts.

Overall operating loss figures as reported in the previous period remain unchanged as this is only a presentational change.

A reconciliation of previously reported figures for the period to 02 April 2022 to restated figures is presented below:

Consolidated Statement of Comprehensive Income - for the 26 weeks ended 02 April 2022

	Adjusted			Adjustments			Totals		
	Previously reported	Reclass adjustment	Restated	Previously reported	Reclass adjustment	Restated	Previously reported	Reclass adjustment	Restated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Continuing operations									
Revenue	121.9	-	121.9	-	-	-	121.9	-	121.9
Cost of sales	(87.6)	4.0	(83.6)	-	-	-	(87.6)	4.0	(83.6)
Gross profit	34.3	4.0	38.3	-	-	-	34.3	4.0	38.3
Selling and distribution costs	(12.8)	-	(12.8)	-	-	-	(12.8)	-	(12.8)
Research and development costs	-	(4.0)	(4.0)	-	(1.6)	(1.6)	-	(5.6)	(5.6)
General and administrative expenses	(22.7)	-	(22.7)	(9.5)	1.6	(7.9)	(32.2)	1.6	(30.6)
Operating loss	(1.2)	-	(1.2)	(9.5)	-	(9.5)	(10.7)	-	(10.7)

5.6 Principal risks and uncertainties

The nature of the principal risks and uncertainties impacting the Group are described on pages 62-69 of our 2022 Annual Report and remain unchanged.

The principal risks include the delivery of strategic projects and new product introduction, market threat to core business, talent management, cybersecurity and information technology, customer dependency, financial management, manufacturing risk, compliance and legal matters and political and economic instability.

5.7 Related party transactions

There were no related party transactions during the period or outstanding at the end of the period (2022: nil) other than internal transactions between Group companies, and compensation of key management personnel which will be disclosed as required in the Group's Annual Report for the 52 weeks ending 30 September 2023.