4 September 2024

EUROCELL PLC (Symbol: ECEL)

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2024

Increased first half profits; full year expectations unchanged; good early momentum with strategic initiatives

Eurocell plc, the market leading, vertically integrated UK manufacturer, recycler and distributor of PVC window, door and roofline products, today announces its results for the six months ending 30 June 2024.

Summary

- Adjusted profit before tax up 33% on lower sales, driven by proactive gross margin management and reduced input costs
- Full year expectations unchanged, despite trading conditions remaining challenging, with continuing macroeconomic uncertainty impacting key markets
- Good early momentum with new strategic initiatives and remain well positioned for when markets recover
- Driving shareholder returns through a combination of a progressive ordinary dividend and share buybacks
- Strong balance sheet and liquidity following completion of £10 million share buyback programme in H1 and new £5 million buyback launched today

Key financial performance measures	H1 2024	H1 2023	Change
Revenue (£ million)	175.7	184.4	(5)%
Underlying measures (1)			
Adjusted operating profit (£ million)	9.3	7.6	22%
Adjusted profit before tax (£ million)	8.0	6.0	33%
Adjusted basic earnings per share (pence)	5.6	4.3	30%
Reported measures			
Operating profit (£ million)	8.9	5.1	75%
Profit before tax (£ million)	7.6	3.5	117%
Basic earnings per share (pence)	5.3	2.6	104%
Capital investment (£ million)	4.5	3.8	18%
Net cash generated from operating activities (£ million)	21.9	20.9	5%
Net debt, pre-IFRS 16 (£ million) (2)	4.3	15.2	72%
Net debt (£ million) (2)	60.9	75.8	20%
Interim dividend per share (pence)	2.2	2.0	10%

Financial headlines

- Group sales 5% below H1 2023, with volumes down 3%, driven by:
  - Profiles sales down 9%: subdued RMI(3) activity and continuing weak new build housing market
  - Branch Network sales down 2%: good early progress with strategic initiatives, but underlying RMI volumes down
- Adjusted profit before tax up 33% vs H1 2023, reflecting:
  - Proactive gross margin management combined with the benefit of lower input costs, including electricity, recycling feedstock and PVC resin prices
  - Partially offset by lower Group sales volumes and competitive pressure on selling prices in the branches
  - Continued labour and other overhead cost inflation
- Net cash generated from operating activities up 5% vs H1 2023, reflecting continued focus on cash management
  - Includes net inflow from working capital of £0.9 million (H1 2023: £4.2 million)
- Strong balance sheet, with pre-IFRS 16 net debt of £4.3 million (31 December 2023: net cash of £0.4 million)

- Average pre-IFRS 16 net debt of £0.5 million in H1 (H1 2023: £16.2 million)

- In line with updated capital allocation policy, driving shareholder returns through a combination of an interim dividend of 2.2 pence per share up 10% (2023: 2.0 pence per share) and, following completion of a £10 million share buyback programme in H1, a further buyback of up to £5 million launched today

Operational and sustainability headlines

- Q2 2023 restructuring and headcount reduction delivered H1 2024 operating cost savings of c.£2 million
- Continuing programme of operational improvements
- Strong on sustainability as the leading UK-based recycler of PVC windows, with the proportion of recycled material used in production improving to 33% (H1 2023: 32%)

New strategy headlines

- Good early progress with new strategic initiatives, including:
  - Branch network expansion: locations identified for 8 new sites, with 2 to be opened in Q4 2024 and 6 in Q1 2025
  - Windows and doors sales initiative: 35 branches added progressively to the programme by 30 June 2024, with plans now accelerated to have c.100 branches live by year end
  - Garden room sales: 230 units sold in H1 2024 at a total value of £3.6 million (H1 2023: 147 units, £2.2 million)

Darren Waters, Chief Executive of Eurocell plc said:

"Trading conditions continue to be tough in 2024, with ongoing macroeconomic uncertainty impacting our key markets, exacerbated by wet weather and the General Election. Customers remain cautious, resulting in lower investment in home improvements and subdued activity levels in the residential construction market. As a result, H1 sales were 5% below H1 2023.

"However, first half adjusted profit before tax was up 33% on H1 2023, as we continue to proactively manage our gross margin and cost base, which has supported a reduction in input cost pricing, and our expectations for the full year remain unchanged.

"Earlier this year we launched our new strategy, which identified a pathway to building a £500 million revenue business, generating a 10% operating margin, over a five-year period. We have good early momentum with our new strategic initiatives and are becoming increasingly confident that, whilst this is an ambitious target, it is achievable.

"The UK construction market continues to have attractive medium and long-term growth prospects, driven by the structural deficit in new build housing and an ageing housing stock that requires increased repair and maintenance. Overall, we believe the progression of our strategy, together with the actions we have taken on cost and cash flow over the last eighteen months, leave the business well positioned to drive sustainable growth in shareholder value."

Notes

(1) Non-underlying items in H1 2024 of £0.4 million relate to strategic IT projects which are classified as an expense as they use cloud computing. Non-underlying items of £2.5 million in H1 2023 include restructuring costs of £1.8 million and £0.7 million of cloud computing costs relating to strategic IT projects.

(2) Net debt is bank overdrafts, borrowings and lease liabilities less cash and cash equivalents. Pre-IFRS 16 net debt excludes lease liabilities and is provided as our financial covenants are measured on this basis.

(3) RMI is repair, maintenance and improvement.

Analyst presentation

There will be an audiocast presentation for analysts and investors at 9am today. The presentation can be accessed remotely via a live audiocast link as follows: https://streamstudio.world-television.com/782-2007-40172/en

Alternatively, you can join via conference call as follows:

United Kingdom	+44 (0) 20 3481 4247
United Kingdom (toll free)	0800 260 6466
Conference ID	8000246

A copy of the presentation will be made available from 7am today on the Group's web site: https://investors.eurocell.co.uk/investors/. Following the presentation, a recording of the audiocast will also be made available on the Group's web site (link above).

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

Trading conditions in our key markets have remained challenging, with continuing macroeconomic uncertainty impacting activity levels in both the RMI and new build housing markets, leading to first half sales below H1 2023.

However, we continue to focus on closely managing costs and cash flow and have seen a reduction in input cost pricing in 2024. We have also made good early progress with our new strategic initiatives. As a result, first half profits are up on H1 2023.

Further details of our financial and operating performance, together with an update on the progress of the early stages of our strategy, are set out below.

FINANCIAL RESULTS

Sales for H1 were £175.7 million, down 5% on H1 2023, with volume 3% lower.

Adjusted profit before tax for H1 was £8.0 million, up 33% on H1 2023, driven by lower raw material and electricity costs, partially offset by the impact of lower volumes and competitive pressure on selling prices in the branches.

Net cash generated from operations was £21.9 million, up 5% on H1 2023, reflecting improved profitability and our continuing focus on cash management, with a net inflow from working capital for H1 2024 of £0.9 million. This compares to a net inflow from working capital of £4.2 million in H1 2023, which included the impact of a significant reduction in stocks.

Good cash flow management also underpinned the successful completion of a £10 million share buyback programme in the first half of the year (see Capital Allocation below).

Further information on our financial performance is included in the Divisional and Chief Financial Officer's Reviews.

OPERATIONAL PERFORMANCE

Production

Overall Equipment Effectiveness ('OEE', a measure which takes into account machine availability, performance and yield) was 71% in H1 2024 (H1 2023: 78%). This was below our target of 75%, reflecting the impact of lower production volumes in the first half. We have a continuing programme of operational improvements (see Business Effectiveness below) and expect OEE to improve as volumes increase.

Recycling

We are the leading UK-based recycler of PVC windows, saving the equivalent of c.3 million windows from landfill each year. We have made further progress in H1 2024, with our use of recycled material increasing to 33% of materials consumed in production, compared to 32% in H1 2023, driving lower carbon emissions and cost savings compared to the use of virgin material.

Recycling feedstock purchase prices peaked in H1 2023 but are now lower, reflecting the action we have taken to secure additional sources of supply (see Chief Financial Officer's Review).

Furthermore, we are finding more ways of using all the waste product generated by our plants and expect to progressively reduce waste sent to landfill.

Health and safety

The safety and well-being of our employees, contractors and branch customers is our number one priority.

Health and safety is the first agenda item for key internal meetings. We have enhanced the reporting of near misses and unsafe acts and conditions, as part of a proactive approach to risk management, with the aim of reducing the likelihood of future workplace injuries. This, when combined with the effective and timely implementation of corrective and preventive action, supports our positive and improving safety culture.

Following good safety results in 2023, we have delivered another improved performance in H1 2024. Our Lost Time Injury Frequency Rate ('LTIFR') was 2.0 in H1 2024, compared to 5.7 in 2023 (full year).

DIVISIONAL PERFORMANCE – PROFILES

	H1 2024 £m	H1 2023 £m	Change %
Third-party revenue	**72.6**	**79.5**	**(9)%**
Inter-segmental revenue	32.7	34.9	(6)%
Total revenue	**105.3**	**114.4**	**(8)%**
Adjusted(1) operating profit	**8.5**	**4.9**	**74%**
Operating profit	**8.5**	**3.4**	**150%**

(1) Adjusted performance measures are stated before non-underlying items.

Profiles third-party revenue for H1 was £72.6 million, 9% below H1 2023, reflecting subdued RMI activity and a weak new build housing market. We have selectively acquired a small number of new fabricator accounts over the last 18 months, leading to modest market share gains.

Cost of living pressures, interest rate increases and falling house prices have all had a significant adverse impact on our end markets.

Profiles adjusted operating profit for H1 was £8.5 million, up 74% on last year (H1 2023: £4.9 million), reflecting the benefit of lower input costs and selling price increases, partially offset by lower sales volumes and ongoing overhead cost inflation (particularly labour). Reported operating profit in H1 2023 includes non-underlying costs of £1.5 million.

Further information on non-underlying items is included in the Chief Financial Officer's Review. A summary of our strategy for Profiles is set out below.

DIVISIONAL PERFORMANCE – BUILDING PLASTICS (BRANCH NETWORK)

	H1 2024 £m	H1 2023 £m	Change %
Third-party revenue	**103.1**	**104.9**	**(2)%**
Inter-segmental revenue	0.2	0.2	–
Total revenue	**103.3**	**105.1**	**(2)%**
Adjusted(1) operating profit	**2.2**	**3.4**	**(36)%**
Operating profit	**1.8**	**2.4**	**(26)%**

(1) Adjusted performance measures are stated before non-underlying items.

Third-party revenues in the Branch Network for H1 were £103.1 million, 2% below H1 2023.

Although underlying RMI volumes in the branches were down in H1 2024, with homeowners holding back on discretionary expenditure against a backdrop of macroeconomic uncertainty, we have made good early progress with our strategic initiatives for garden rooms, windows and doors. However, increased competition for limited underlying demand continues to drive pressure on selling prices in the branch network.

Branch Network adjusted operating profit for H1 was £2.2 million, down 36% on last year (H1 2023: £3.4 million), reflecting lower sales volumes, competitive pressure on margins and ongoing labour cost inflation, partially offset by lower input costs and selling price increases.

Reported operating profit includes non-underlying costs of £0.4m in relation to cloud computing costs incurred on strategic IT projects involving 'Software as a Service' arrangements and internal resourcing costs, which are expensed as incurred rather than being capitalised as intangible assets. Reported operating profit in H1 2023 includes non-underlying costs of £1.0 million.

Further information on non-underlying items is included in the Chief Financial Officer's Review. A summary of our strategy for the Branch Network is set out below.

STRATEGY

Earlier this year we launched our ambitious new strategy, which reset our objectives for the business. We identified a pathway to building a £500 million revenue, £50 million operating profit business, generating a 10% operating margin, over a five-year period. Our strategy is built around four pillars: Customer Growth, Business Effectiveness, People First and ESG Leadership. The following paragraphs describe these pillars and the initiatives which support them, together with our early progress, which has been encouraging.

Customer Growth

Our aim is to become the trade customer's preferred choice, in all markets and segments where we operate. We believe the biggest opportunity for growth will come from expansion of the branch network, including the sale of windows and doors, plus our extended living spaces range of garden rooms and extensions. This is all underpinned by an increased investment in digital marketing, to raise awareness of our products and home improvement solutions and thereby acquire new customers.

Branch Network

We believe that the optimum branch network size is at least 250 branches. We expect to add c.30 new branches over the next three to four years. Potential locations have been identified for an initial 8 new sites, primarily in the South of England, 2 which will be opened in Q4 of this year and 6 in Q1 2025.

We will supplement this with a number of branch relocations, where location or size does not offer the required growth opportunity, in order to optimise our existing estate. The relocation of our Staples Corner and Greenford branches to a new site in Wembley was successfully completed in April. This included a refreshed branch exterior and was supported with strong pre-opening recruitment and marketing campaigns, and sales have started well. A further three relocations are planned for the second half.

We are aiming to sell more windows and doors through the branches. Following an improvement in our window and door proposition, we ran an initial trial across 6 branches in Q4 2023, and the results exceeded our expectations. We have now established a comprehensive staff training programme and developed an efficient central order processing function. A further 9 branches were added into the programme in April and another 20 in June, making 35 in total by the end of H1. The results continue to be good, so we have accelerated our plans and now expect to have c.100 branches live by the end of the year, with a roll-out across the remaining network to be completed in 2025. The project also provides incremental growth opportunities for our fabricator partners, and we are working successfully with them to secure additional capacity.

Extended living spaces

Extended living spaces comprises garden rooms and extensions. With our strong customer proposition, experienced sales professionals and efficient end-to-end processes, we believe there is a good opportunity to gain market share and drive growth with these products.

For example, since launching our garden room range three years ago, we have steadily built a strong market presence, competing well with the established participants. We sold 230 garden rooms in H1 2024 at a total value of £3.6 million (H1 2023: 147 units, £2.2 million), and with a strong order pipeline we are well placed to achieve our target for the year.

We launched our extensions range in Q4 2023. We are using modern methods of construction that join together in an innovative kit form, thereby creating a cost-effective, energy-efficient building solution for homeowners who are looking to convert and extend their properties, with installation times of weeks not months. We received orders for 32 extensions in H1 2024 with a total sales value of £0.9m, in line with our plans, and enquiry levels are growing steadily.

Profiles

In Profiles, following a period of strong growth, we believe we are now the leading supplier of rigid PVC profile to the UK market.

Whilst we have selectively added a small number of new fabricators over the last 18 months, our strategy for Profiles remains to protect our existing business and maintain our value-added service propositions that support our customers. We will continue to leverage our leading position with housebuilders and commercial developers to ensure we maintain specifications to support a robust pipeline of work for our fabricator customers. We are recognised across the industry as the leading technical systems house, and we will continue to leverage this advantage too.

As described above, the windows and doors initiative in our branch network also provides growth opportunities, as it pulls through increased profile sales via our fabricator partners and increased composite door sales through our entrance doors business (Vista Panels).

Business Effectiveness

Our objective is to make Eurocell a lean and efficient business. We are upgrading our business systems and streamlining processes to increase efficiencies and improve customer experience.

As previously announced, we are in the process of replacing our Enterprise Resource Planning ('ERP') system. The first stage of this process is to implement a new trade counter system in the branch network. Having now selected Intact IQ as our new trade counter system, we expect to transition in the first half of 2025. This will transform the way we interact and transact with our customers in the branches.

The second stage is to implement an ERP system to support all other functions of the business, including manufacturing, recycling, warehousing, distribution and finance. We have now selected IFS as our new ERP system and we estimate the transition will be completed around mid-2026.

We are also embedding a continuous improvement philosophy, which is already highlighting significant opportunities for efficiencies, particularly in our manufacturing and recycling operations.

Our initiative to sell more doors and windows through our branches will utilise spare capacity in our rigid extrusion manufacturing operations and entrance door business, thereby making us more efficient.

People First

The good progress we are making in the business is testament to the commitment, hard work and dedication of our teams in every part of the Group, and I would like to offer, on behalf of the Executive Committee and the Board, my sincere thanks to them all.

With the People First pillar, our objective is to make Eurocell a great place to work, through a relentless focus on health and safety, an enhanced employee value proposition, improved levels of engagement and effective talent management.

For health and safety, we are focused on improving relevant leadership skills and providing appropriate safety education. In terms of our employee value proposition, we are developing a wellbeing framework, recognition schemes and better induction and onboarding programmes. Key priorities for employee engagement include a new internal communications framework, colleague forums and stepping up community and charity work. During H1 2024, we launched a new careers website: "Eurocell & You", which is already driving significantly increased candidate traffic. Finally, effective talent management includes talent development, succession planning and an increasing use of apprenticeships.

ESG Leadership

We want to earn a reputation for being a truly responsible company. Eurocell is already a leader in PVC recycling, which is preventing millions of windows being sent to landfill. But that is just one aspect of ESG and, looking ahead, we aim to excel in all areas.

We are now working with CEN-ESG, a specialist ESG consultancy, to support the development of our ESG strategy and improve our ESG data and disclosures. The results of our work so far includes:

- A materiality assessment, which helped us determine the most important sustainability topics to the business. With this analysis we surveyed a selection of employees, suppliers, customers, banks and shareholders
- A baseline carbon footprint for the business (Scope 1, 2 and 3), identifying key decarbonisation levers

We have used the outputs from this work to define ESG objectives and targets and develop a sustainability strategy, supported by appropriate governance and internal controls. Our focus for the remainder of 2024 will be to complete the work to determine a path to reach Net Zero by our target date of 2045, albeit this will be heavily dependent on reduced emissions in our raw material supply chain. We intend to submit our targets to SBTi for independent verification later this year, and once approved we will publish our Transition Plan.

CAPITAL ALLOCATION

The Board has assessed how it enhances shareholder returns and, going forward, will drive returns through a combination of a progressive ordinary dividend and supplementary distributions (currently via share buybacks). Following completion of a £10 million share buyback programme in H1, we have today announced an interim dividend for 2024 of 2.2p, up 10% on 2023, and a further share buyback of up to £5 million.

BOARD CHANGES

As previously announced, after nine years of service, Frank Nelson stepped down from the Board following the AGM in May 2024, and Kate Allum resigned from the Board in July 2024 to pursue other opportunities. Alison Littley assumed the role of Senior Independent Non-executive Director and Chair of the Remuneration Committee.

We would like to thank Frank and Kate for their past contributions to the Group.

SUMMARY AND OUTLOOK

Trading conditions continue to be tough in 2024, with ongoing macroeconomic uncertainty impacting our key markets, exacerbated by wet weather and the General Election. Customers remain cautious, resulting in lower investment in home improvements and subdued activity levels in the residential construction market. As a result, H1 sales were 5% below H1 2023.

However, first half adjusted profit before tax was up 33% on H1 2023, as we continue to proactively manage our gross margin and cost base, which has supported a reduction in input cost pricing, and our expectations for the full year remain unchanged.

Earlier this year we launched our new strategy, which identified a pathway to building a £500 million revenue business, generating a 10% operating margin, over a five-year period. We have good early momentum with our new strategic initiatives and are becoming increasingly confident that, whilst this is an ambitious target, it is achievable.

The UK construction market continues to have attractive medium and long-term growth prospects, driven by the structural deficit in new build housing and an ageing housing stock that requires increased repair and maintenance. Overall, we believe the progression of our strategy, together with the actions we have taken on cost and cash flow over the last eighteen months, leave the business well positioned to drive sustainable growth in shareholder value.

Darren Waters
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

	H1 2024 £m	H1 2023 £m
Revenue	**175.7**	**184.4**
Gross profit	92.2	84.8
Gross margin %	52.5%	46.0%
Overheads	(70.4)	(65.1)
Adjusted(1) EBITDA	**21.8**	**19.7**
Depreciation and amortisation	(12.5)	(12.1)
Adjusted(1) operating profit	**9.3**	**7.6**
Finance costs	(1.3)	(1.6)
Adjusted(1) profit before tax	**8.0**	**6.0**
Taxation	(1.9)	(1.2)
Adjusted(1) profit after tax	**6.1**	**4.8**
Adjusted(1) basic earnings per share (pence)	**5.6**	**4.3**
Non-underlying items	(0.4)	(2.5)
Tax on non-underlying items	0.1	0.6
Reported operating profit	**8.9**	**5.1**
Reported profit before tax	**7.6**	**3.5**
Reported profit after tax	**5.8**	**2.9**
Reported basic earnings per share (pence)	**5.3**	**2.6**

(1) See alternative performance measures.

INTRODUCTION

Trading conditions remain challenging, with the weak trends experienced last year in the RMI and new house building markets continuing through into 2024, resulting in our first half sales falling below the comparative period. However, we are proactively managing our gross margin and cost base, with lower input costs driving H1 2024 profits ahead of the first half of 2023.

We continue to focus on closely managing working capital and delivered solid cash flow generation for the period. Having completed a £10 million share buyback programme in the first half, our debt remains low and we have a strong balance sheet with good liquidity.

We have made encouraging early progress with our new strategic initiatives, which together with the actions we have taken on cost and cash flow over the last eighteen months, leave us increasingly confident in realising our ambitions and we remain well positioned to take advantage of a recovery in our end markets, when it comes.

REVENUE

Revenue for H1 was £175.7 million, 5% down on H1 2023 (£184.4 million), with volumes down 3%. Sales include the impact of selling price increases, but average sales pricing in the branch network remains lower than prior year (see Gross Margin below).

GROSS MARGIN

Gross margin was 52.5% in H1, up from 46.0% in H1 2023. Although increased competition for limited demand continues to drive pressure on selling prices in the branch network, we have benefited from a reduction in input cost pricing, including electricity, recycling feedstock, and PVC resin prices.

We operate a rolling 12-month forward hedging policy for electricity. In H1 2023 we were paying rates locked in during H1 2022, when wholesale energy prices peaked. We are now benefitting from the lower wholesale prices experienced in 2023 and are substantially hedged for the remainder of this year.

For our recycling business, in 2023 a weaker RMI market and fewer window replacements restricted feedstock availability, resulting in a significant increase in purchase prices. However, we have made good progress securing additional sources of feedstock, which, alongside reduced demand and lower virgin resin prices, saw prices ease towards the end of last year, with further reductions in H1 2024.

Whilst there are only a limited number of PVC resin and certain other key raw material suppliers, we have successfully identified alternative sources and introduced other initiatives to drive competitive tension in our supply chain.

DISTRIBUTION AND ADMINISTRATIVE EXPENSES (OVERHEADS)

Underlying overheads for H1 were £70.4 million, 8% higher than H1 2023 (£65.1 million). We have continued to experience inflation in our overhead cost base, particularly for labour, which we have offset with selling price increases. Overheads also include the impact of a normalisation of variable pay and share-based payments charges, partially offset by the annualisation of cost savings secured through our Q2 2023 restructuring and headcount reduction programme.

DEPRECIATION AND AMORTISATION (D&A)

D&A for H1 was £12.5 million, compared to £12.1 million in H1 2023.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are used alongside statutory measures to facilitate a better understanding of financial performance and comparison with prior periods, and to provide audited financial information against which the Group's bank covenants, which are all measured on a pre-IFRS 16 basis, can be assessed.

Adjusted EBITDA, adjusted operating profit and adjusted profit before tax all exclude non-underlying items. Adjusted profit after tax and adjusted earnings per share exclude non-underlying items and the related tax effect. Pre-IFRS 16 EBITDA is stated inclusive of operating lease rentals under IAS 17 Leases. Pre-IFRS 16 net debt is defined as total borrowings and lease liabilities less cash and cash equivalents, excluding the impact of IFRS 16 Leases.

We classify some material items of income and expense as non-underlying when the nature and infrequency merit separate presentation. Alongside statutory measures, this facilitates a better understanding of financial performance and comparison with prior periods.

NON-UNDERLYING ITEMS

Non-underlying items for H1 relate to £0.4 million of cloud computing costs incurred on strategic IT projects involving 'Software as a Service' arrangements and internal resourcing costs, which are expensed as incurred rather than being capitalised as intangible assets. Such items are considered to be non-underlying in nature because they relate to multi-year programmes to deliver strategic IT implementations which are material in size. Our strategic IT projects comprise a new customer-facing website and an employee management system (both now substantially complete) and, most significantly, the replacement of our Enterprise Resource Planning (ERP) system, with overall spend estimated to be in the region of £10 million over the next three years.

Non-underlying items in 2023 of £2.5 million included restructuring costs of £1.8 million, comprising redundancy payments and related employee benefit termination costs in connection with our Q2 2023 restructuring and headcount reduction programme and £0.7 million of strategic IT project cloud computing costs.

FINANCE COSTS AND TAXATION

Finance costs for H1 were £1.3 million (H1 2023: £1.6 million).

The underlying tax charge for H1 2024 was £1.9 million (H1 2023: £1.2 million). The effective tax rate on underlying profit before tax for H1 2024 of 24% (H1 2023: 19%) is slightly lower than the standard corporation tax rate for the period of 25% (H1 2023: blended rate of 23.5%) due to the benefit of Patent Box relief.

PROFIT BEFORE TAX AND EARNINGS PER SHARE

Adjusted profit before tax for H1 was £8.0 million, compared to £6.0 million in H1 2023, driven by the net impact of lower input costs, partially offset by lower volumes and margin pressure in the branches. Reported profit before tax for H1 was £7.6 million, compared to £3.5 million in H1 2023.

Adjusted basic and diluted earnings per share were 5.6 pence, compared to 4.3 pence in H1 2023. Reported basic and diluted earnings per share for H1 were 5.3 pence, compared to 2.6 pence in H1 2023.

DIVIDENDS AND SHARE BUYBACKS

As set out in the Chief Executive's Review, the Board is focused on driving shareholder returns through a combination of a progressive ordinary dividend and supplementary distributions (currently via share buybacks), whilst always seeking to maintain a strong financial position.

On 3 September 2024, the Board approved an interim dividend for the six months ended 30 June 2024 of 2.2 pence per share (£2.3 million), an increase of 10% compared to H1 2023. The interim dividend will be paid on 11 October 2024 to shareholders on the register at the close of business at 13 September 2024 and shares will be marked ex-dividend on 12 September 2024.

Taking into account expected organic investment requirements and our good cash flow management, we launched a £5 million share buyback programme in January 2024, subsequently extended by a further £5 million in May, with the total £10 million programme completed in June. We have today launched a further buyback of up to £5 million.

CAPITAL EXPENDITURE

Capital expenditure for H1 2024 was £4.5 million (H1 2023: £3.8 million), largely maintenance in nature.

CASH FLOW

Net cash generated from operating activities was £21.9 million for the period, compared to £20.9 million in H1 2023.

This includes a net inflow from working capital for H1 2024 of £0.9 million, comprised of an increase in stocks (£1.3 million), an increase in trade and other receivables (£5.7 million) and an increase in trade and other payables (£7.9 million). This compares to a net inflow from working capital of £4.2 million in H1 2023, which included the impact of a major stock reduction initiative. The increase in receivables and payables since December 2023 reflects a seasonal uplift in volumes.

Net cash generated from operating activities also includes net tax paid of £1.1 million (H1 2023: £1.4 million).

Other cash flow items comprise payments for capital investments of £5.0 million, including the net movement in our capital creditor of £0.5 million (H1 2023: £4.1 million, including the net capital creditor movement of £0.3 million) and financing costs of £0.4 million (H1 2023: £0.8 million). The principal elements of lease payments of £7.0 million (H1 2023: £7.0 million) are presented within cash flows arising from financing activities. The finance elements of lease payments were £0.9 million (H1 2023: £0.8 million).

Dividends of £3.8 million (being the 2023 final dividend) were paid to shareholders during the period (H1 2023: £8.1 million, being the 2022 final dividend). Shares with a total consideration (including transaction costs) of £10 million were purchased under the share buyback programme as at the 30 June 2024.

NET DEBT

Net debt on a pre-IFRS 16 basis at 30 June 2024 was £4.3 million (30 June 2023: £15.2 million, 31 December 2023: net cash of £0.4 million). Reported net debt on a post-IFRS 16 basis at 30 June 2024 was £60.9 million (30 June 2023: £75.8 million, 31 December 2023: £58.2 million).

BANK FACILITIES

Our activities are funded via our £75 million unsecured, sustainable Revolving Credit Facility, which matures in 2027. The facility is provided by Barclays, NatWest and Bank of Ireland, and is competitively priced. In terms of sustainability, modest adjustments to the margin are applied based on our achievement against annual targets for usage of recycled material in our products, waste recycled and carbon emissions. We operate comfortably within the terms of the facility and in compliance with our financial covenants, which are measured on a pre-IFRS 16 basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are set out in the 2023 Annual Report (pages 68-72). These risks remain unchanged and are as follows:

- Macroeconomic and market conditions
- Cyber security
- Health and safety
- Supply chain risk
- Sustainability and climate change
- Managing change
- ERP system implementation
- Operational and regulatory compliance

Michael Scott
Chief Financial Officer

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEAR REPORT

We confirm that to the best of the Directors' knowledge:

- The condensed set of financial statements has been prepared in accordance with UK-adopted International Accounting Standard 34 and;
- The interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By Order of the Board

Darren Waters
Chief Executive Officer
3 September 2024

Michael Scott
Chief Financial Officer
3 September 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

		Six months ended 30 June 2024 (Unaudited)			Six months ended 30 June 2023 (Unaudited)			Year ended 31 December 2023 (Audited)		
	Note	Underlying £m	(1) Non-underlying £m	Total £m	Underlying £m	(1) Non-underlying £m	Total £m	Underlying £m	(1) Non-underlying £m	Total £m
Revenue	**6**	**175.7**	**–**	**175.7**	**184.4**	**–**	**184.4**	**364.5**	**–**	**364.5**
Cost of sales		(83.5)	–	(83.5)	(99.6)	–	(99.6)	(190.7)	–	(190.7)
Gross profit		**92.2**	**–**	**92.2**	**84.8**	**–**	**84.8**	**173.8**	**–**	**173.8**
Distribution costs		(12.6)	–	(12.6)	(12.6)	–	(12.6)	(25.3)	(0.1)	(25.4)
Administrative expenses		(70.3)	(0.4)	(70.7)	(64.9)	(2.5)	(67.4)	(130.5)	(3.4)	(133.9)
Other income		–	–	–	0.3	–	0.3	0.4	–	0.4
Operating profit	**6**	**9.3**	**(0.4)**	**8.9**	**7.6**	**(2.5)**	**5.1**	**18.4**	**(3.5)**	**14.9**
Finance expense		(1.3)	–	(1.3)	(1.6)	–	(1.6)	(3.2)	–	(3.2)
Profit before tax		**8.0**	**(0.4)**	**7.6**	**6.0**	**(2.5)**	**3.5**	**15.2**	**(3.5)**	**11.7**
Taxation	7	(1.9)	0.1	(1.8)	(1.2)	0.6	(0.6)	(2.9)	0.8	(2.1)
Profit for the period and total comprehensive income		**6.1**	**(0.3)**	**5.8**	**4.8**	**(1.9)**	**2.9**	**12.3**	**(2.7)**	**9.6**
Basic earnings per share	**8**	**5.6p**		**5.3p**	**4.3p**		**2.6p**	**11.0p**		**8.6p**
Diluted earnings per share	**8**	**5.6p**		**5.3p**	**4.3p**		**2.6p**	**11.0p**		**8.6p**

(1) Non-underlying items are detailed in Note 5.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	30 June 2024 (Unaudited) £m	30 June 2023 (Unaudited) £m	31 December 2023 (Audited) £m
Assets				
Non-current assets				
Property, plant and equipment	9	59.5	60.5	59.9
Right-of-use assets	9	53.7	56.8	55.1
Intangible assets	9	15.2	16.0	15.8
Total non-current assets		**128.4**	**133.3**	**130.8**
Current assets				
Inventories		48.0	53.5	46.7
Trade and other receivables		50.3	54.5	45.3
Corporation tax		0.2	1.0	0.6
Cash and cash equivalents		1.5	2.1	0.4
Total current assets		**100.0**	**111.1**	**93.0**
Total assets		**228.4**	**244.4**	**223.8**
Liabilities				
Current liabilities				
Trade and other payables		(49.4)	(49.2)	(41.6)
Lease liabilities		(12.1)	(13.2)	(12.9)
Bank overdraft		(1.4)	–	–
Provisions		(0.2)	(0.2)	(0.2)
Total current liabilities		**(63.1)**	**(62.6)**	**(54.7)**
Non-current liabilities				
Borrowings		(4.4)	(17.3)	–
Lease liabilities		(44.5)	(47.4)	(45.7)
Provisions		(1.3)	(1.0)	(1.1)
Deferred tax		(8.3)	(6.8)	(8.0)
Total non-current liabilities		**(58.5)**	**(72.5)**	**(54.8)**
Total liabilities		**(121.6)**	**(135.1)**	**(109.5)**
Net assets		**106.8**	**109.3**	**114.3**
Equity attributable to equity holders of the Parent				
Share capital		0.1	0.1	0.1
Share premium account		22.2	22.2	22.2
Treasury shares		(0.8)	(0.7)	(0.1)
Share-based payment reserve		1.4	1.2	0.9
Share buyback reserve (1)		(1.3)	–	–
Retained earnings		85.2	86.5	91.2
Total equity		**106.8**	**109.3**	**114.3**

(1) Share buyback reserve is a holding reserve for shares awaiting cancellation as part of the share buyback programme.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Cash generated from operations	11	**23.0**	**22.3**	**54.2**
Income taxes paid		(1.1)	(1.4)	(1.4)
Net cash generated from operating activities		**21.9**	**20.9**	**52.8**
Investing activities				
Purchase of property, plant and equipment		(5.0)	(4.0)	(9.0)
Purchase of intangible assets		–	(0.1)	(0.1)
Net cash flow arising on sale of business		–	0.8	0.8
Net cash used in investing activities		**(5.0)**	**(3.3)**	**(8.3)**
Financing activities				
Purchase of own shares held as treasury shares		–	(0.7)	(0.7)
Share buyback		(10.0)	–	–
Repayment of bank borrowings		–	(3.0)	(21.0)
Proceeds from bank borrowings		5.0	–	–
Bank borrowings arrangement costs		(0.1)	(0.2)	(0.2)
Principal elements of lease payments		(7.0)	(7.0)	(13.8)
Finance elements of lease payments		(0.9)	(0.8)	(1.8)
Finance expense paid		(0.4)	(0.8)	(1.4)
Dividends paid to equity shareholders		(3.8)	(8.1)	(10.3)
Net cash used in financing activities		**(17.2)**	**(20.6)**	**(49.2)**
Net decrease in cash and cash equivalents		**(0.3)**	**(3.0)**	**(4.7)**
Cash and cash equivalents at beginning of period		0.4	5.1	5.1
Cash and cash equivalents at end of period		**0.1**	**2.1**	**0.4**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 (Unaudited)	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024	**0.1**	**22.2**	**(0.1)**	**0.9**	**–**	**91.2**	**114.3**
Comprehensive income for the period							
Profit for the period	–	–	–	–	–	5.8	5.8
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	5.8	5.8
Contributions by and distributions to owners							
Share-based payments	–	–	–	0.5	–	–	0.5
Exercise of share options	–	–	0.1	–	–	(0.1)	–
Purchase of own shares	–	–	(0.8)	–	(9.1)	(0.1)	(10.0)
Cancellation of shares	–	–	–	–	7.8	(7.8)	–
Dividends paid	–	–	–	–	–	(3.8)	(3.8)
Total transactions with owners recognised directly in equity	–	–	(0.7)	0.5	(1.3)	(11.8)	(13.3)
Balance at 30 June 2024	**0.1**	**22.2**	**(0.8)**	**1.4**	**(1.3)**	**85.2**	**106.8**

For the six months ended 30 June 2023 (Unaudited)	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	**0.1**	**22.2**	**–**	**0.9**	**–**	**91.7**	**114.9**
Comprehensive income for the period							
Profit for the period	–	–	–	–	–	2.9	2.9
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	2.9	2.9
Contributions by and distributions to owners							
Share-based payments	–	–	–	0.3	–	–	0.3
Purchase of own shares	–	–	(0.7)	–	–	–	(0.7)
Dividends paid	–	–	–	–	–	(8.1)	(8.1)
Total transactions with owners recognised directly in equity	–	–	(0.7)	0.3	–	(8.1)	(8.5)
Balance at 30 June 2023	**0.1**	**22.2**	**(0.7)**	**1.2**	**–**	**86.5**	**109.3**

For the year ended 31 December 2023 (Audited)	**Share capital £m**	**Share premium account £m**	**Treasury shares £m**	**Share-based payment reserve £m**	**Share buyback reserve £m**	**Retained earnings £m**	**Total equity £m**
Balance at 1 January 2023	**0.1**	**22.2**	**–**	**0.9**	**–**	**91.7**	**114.9**
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	9.6	9.6
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**9.6**	**9.6**
Contributions by and distributions to owners							
Exercise of share options	–	–	0.6	(0.8)	–	0.2	–
Share-based payments	–	–	–	0.8	–	–	0.8
Purchase of own shares	–	–	(0.7)	–	–	–	(0.7)
Dividends paid	–	–	–	–	–	(10.3)	(10.3)
Total transactions with owners recognised directly in equity	**–**	**–**	**(0.1)**	**–**	**–**	**(10.1)**	**(10.2)**
Balance at 31 December 2023	**0.1**	**22.2**	**(0.1)**	**0.9**	**–**	**91.2**	**114.3**

EXPLANATORY NOTES

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Eurocell plc (the ‘Company’) and its subsidiaries (together the ‘Group’) is a publicly listed company incorporated and domiciled in England, United Kingdom. The registered office is Eurocell Head Office and Distribution Centre, High View Road, South Normanton, Alfreton, Derbyshire, DE55 2DT.

The Group is principally engaged in the extrusion of PVC window and building products to the new and replacement window market and the sale of building materials across the UK.

The half year report for the six months ended 30 June 2024 reflects the results of the Company and its subsidiaries. It has been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting and the Disclosure and Transparency rules of the United Kingdom’s Financial Conduct Authority, and includes the condensed consolidated interim financial statements (the ‘interim financial statements’).

The interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. They do not include all the information required for full financial statements and should be read in conjunction with the 2023 Annual Report, which was prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

The comparative figures for the year ended 31 December 2023 have been extracted from the Group’s audited financial statements for that year. Those financial statements are included in the 2023 Annual Report and have been delivered to the Registrar of Companies. The auditor’s report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their audit report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements are unaudited, but have been reviewed by the auditors in accordance with the Auditing Practices Board guidance on Review of Interim Financial Information.

The Group is affected by seasonality. Sales are usually slower during the first quarter of the year, with September to November typically representing the peak sales period for the Group. Demand in the second half of the year is therefore usually higher than in the first half.

The half year report was approved by the Board of Directors on 3 September 2024.

2 GOING CONCERN

The interim financial statements have been prepared on a going concern basis.

The Group funds its activities through a £75 million Revolving Credit Facility, provided by Barclays, NatWest and Bank of Ireland, which matures in May 2027. The facility includes two key financial covenants, which are tested at 30 June and 31 December on a pre-IFRS 16 basis. These are that net debt should not exceed 3 times adjusted EBITDA (Leverage), and that adjusted EBITDA should be at least 4 times the interest charge on the debt (Interest Cover).

At 30 June 2024 the Group has complied with all of its covenants, and it expects to do so for the next measurement period, being 31 December 2024, and going forward.

In assessing going concern, the Directors have considered financial projections for the period to December 2026, which is consistent with the Board’s strategic planning horizon and reflects a period of at least 12 months from the date of approval of the interim financial statements. These forecasts have been compiled based on the best estimates of the Group’s commercial and operational teams. This includes a severe but plausible ’Downside’ scenario, which reflects demand for the Group’s products being severely weakened.

In all scenarios tested, including sensitivities reducing sales forecasts to 10% below management’s estimates for the period 2024 - 26, key raw material prices increasing by 33% over that period and both scenarios combined, the Group operates with significant headroom on its RCF facility and remains compliant with its original covenants.

After reviewing the Group’s projected financial performance and financing arrangements, the Directors consider that the Group has adequate resources to continue operating and that it is therefore appropriate to continue to adopt the going concern basis in preparing this half year report.

3 ACCOUNTING POLICIES AND ESTIMATES

The interim financial statements have been prepared in accordance with the accounting policies and presentation that were applied in the Group’s audited financial statements for the year ended 31 December 2023.

A number of new or amended accounting standards became applicable for the current reporting period. The adoption of these standards did not lead the Group to change its accounting policies or make retrospective adjustments. The Group does not intend to adopt any standard, revision or amendment before the required implementation date.

Critical accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The significant judgements, estimates and assumptions relevant to the preparation of the interim financial statements are consistent with those described on page 141 of the 2023 Annual Report.

4 FINANCIAL INSTRUMENTS

The Group is exposed to financial risks through its use of the following financial instruments:

- Trade and other receivables;
- Cash and cash equivalents;
- Deferred consideration;
- Trade and other payables;
- Bank overdrafts;
- Floating-rate bank loans; and
- Lease liabilities

The relevant financial risks are: credit risk, market risk, foreign exchange risk and liquidity risk.

The Group estimates that the fair value of these financial assets and liabilities is approximate to their carrying amount. Further information in relation to the Group's exposure to financial risks is included on pages 141 to 144 of the 2023 Annual Report.

5 NON-UNDERLYING ITEMS

Amounts included in the Consolidated Statement of Comprehensive Income are as follows:

	Six months ended 30 June 2024 (Unaudited) £m	**Six months ended 30 June 2023 (Unaudited) £m**	**Year ended 31 December 2023 (Audited) £m**
Restructuring costs	–	1.8	2.7
Cloud computing expenses	0.4	0.7	0.8
Total non-underlying expenses	**0.4**	**2.5**	**3.5**
Taxation	(0.1)	(0.6)	(0.8)
Impact on profit after tax	**0.3**	**1.9**	**2.7**

Cloud computing expenses

Cloud computing expenses of £0.4 million (H1 2023: £0.7 million; FY 2023: £0.8 million) relate to costs incurred on strategic IT projects involving 'Software as a Service' arrangements and internal resourcing costs which are expensed as incurred rather than being capitalised as intangible assets**.**

Such items are considered to be non-underlying in nature because they relate to multi-year programmes to deliver strategic IT implementations which are material in size, with overall spend estimated to be in the region of £10 million over the next three years. Our strategic IT projects comprise a new customer-facing website and an employee management system (both now substantially complete) and, most significantly, the replacement of the Group's Enterprise Resource Planning ('ERP') system.

Prior year non-underlying items

Restructuring costs in 2023 related to redundancy payments and related employee benefit termination costs, with 119 roles impacted at a one-off cost of £2.7 million. These costs were classified as non-underlying as they related to roles that no longer exist within the organisation and therefore would not re-occur in future reporting periods. Also included is a credit of £0.2 million in respect of the release of a provision relating to a restructuring exercise announced in 2022 and completed in early 2023.

Impact on cash flow

All of the non-underlying expenses incurred in H1 2024 were settled in cash at 30 June 2024.

Of the £2.5 million non-underlying expenses recognised in H1 2023, £1.3 million was settled in cash at 30 June 2023 and £1.1 million was settled by 31 December 2023. The remaining £0.1 million related to non-cash asset impairment charges.

6 SEGMENTAL INFORMATION

The Group organises itself into a number of operating segments that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Internal reporting provided to the chief operating decision-maker, which has been identified as the executive management team including the Chief Executive Officer and the Chief Financial Officer, reflects this structure.

The Group has aggregated its operating segments into three reported segments, as these business units have similar products, production processes, types of customer, methods of distribution, regulatory environments and economic characteristics:

- Profiles – extrusion and sale of PVC window and building products to the new and replacement window market across the UK. This segment includes Vista Panels, S&S Plastics and Eurocell Recycle North.
- Building Plastics – sale of plastic building materials across the UK.
- Corporate – represents costs relating to the ultimate parent company and includes the assets and related amortisation in respect of acquired intangible assets.

Inter-segmental sales, which are eliminated on consolidation, are transacted on an arm's-length basis and relate to manufactured products distributed by the Building Plastics division.

Six months ended 30 June 2024 (Unaudited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Revenue				
Total revenue	105.3	103.3	–	208.6
Inter-segmental revenue	(32.7)	(0.2)	–	(32.9)
Total revenue from external customers	**72.6**	**103.1**	**–**	**175.7**
Adjusted EBITDA	**15.4**	**6.7**	**(0.3)**	**21.8**
Amortisation of intangible assets	–	–	(0.6)	(0.6)
Depreciation of property, plant and equipment	(3.8)	(0.6)	(0.4)	(4.8)
Depreciation of right-of-use assets	(3.1)	(3.9)	(0.1)	(7.1)
Adjusted operating profit/(loss)	**8.5**	**2.2**	**(1.4)**	**9.3**
Non-underlying operating expenses	–	(0.4)	–	(0.4)
Operating profit/(loss)	**8.5**	**1.8**	**(1.4)**	**8.9**
Finance expense				(1.3)
Profit before tax				**7.6**

Six months ended 30 June 2023 (Unaudited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Revenue				
Total revenue	114.4	105.1	–	219.5
Inter-segmental revenue	(34.9)	(0.2)	–	(35.1)
Total revenue from external customers	**79.5**	**104.9**	**–**	**184.4**
Adjusted EBITDA	**11.5**	**7.6**	**0.6**	**19.7**
Amortisation of intangible assets	–	–	(0.8)	(0.8)
Depreciation of property, plant and equipment	(3.6)	(0.6)	(0.4)	(4.6)
Depreciation of right-of-use assets	(3.0)	(3.6)	(0.1)	(6.7)
Adjusted operating profit/(loss)	**4.9**	**3.4**	**(0.7)**	**7.6**
Non-underlying operating expenses	(1.5)	(1.0)	–	(2.5)
Operating profit/(loss)	**3.4**	**2.4**	**(0.7)**	**5.1**
Finance expense				(1.6)
Profit before tax				**3.5**

Year ended 31 December 2023 (Audited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Revenue				
Total revenue	219.8	210.0	–	429.8
Inter-segmental revenue	(64.9)	(0.4)	–	(65.3)
Total revenue from external customers	**154.9**	**209.6**	**–**	**364.5**
Adjusted EBITDA	**25.5**	**17.4**	**0.2**	**43.1**
Amortisation of intangible assets	–	–	(1.7)	(1.7)
Depreciation of property, plant and equipment	(7.3)	(1.2)	(0.8)	(9.3)
Depreciation of right-of-use assets	(6.3)	(7.3)	(0.1)	(13.7)
Adjusted operating profit/(loss)	**11.9**	**8.9**	**(2.4)**	**18.4**
Non-underlying operating expenses	(1.8)	(0.7)	(1.0)	(3.5)
Operating profit/(loss)	**10.1**	**8.2**	**(3.4)**	**14.9**
Finance expense				(3.2)
Profit before tax				**11.7**

As at 30 June 2024 (Unaudited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Segment assets	**127.7**	**85.0**	**15.7**	**228.4**
Segment liabilities	(53.6)	(50.7)	(4.6)	(108.9)
Borrowings				(4.4)
Deferred tax				(8.3)
Total liabilities				**(121.6)**
Total net assets				**106.8**

As at 30 June 2023 (Unaudited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Segment assets	**139.2**	**87.4**	**17.8**	**244.4**
Segment liabilities	(59.9)	(48.1)	(3.0)	(111.0)
Borrowings				(17.3)
Deferred tax				(6.8)
Total liabilities				**(135.1)**
Total net assets				**109.3**

As at 31 December 2023 (Audited)	**Profiles £m**	**Building Plastics £m**	**Corporate £m**	**Total £m**
Segment assets	**126.9**	**78.5**	**18.4**	**223.8**
Segment liabilities	(53.3)	(43.7)	(4.5)	(101.5)
Borrowings				-
Deferred tax liability				(8.0)
Total liabilities				(109.5)
Total net assets				**114.3**

Geographical information

	Six months ended 30 June 2024 (Unaudited)		**Six months ended 30 June 2023 (Unaudited)**		**Year ended 31 December 2023 (Audited)**	
	Revenue £m	**Non-current assets £m**	**Revenue £m**	**Non-current assets £m**	**Revenue £m**	**Non-current assets £m**
United Kingdom	174.7	128.4	183.5	133.3	362.5	130.8
Republic of Ireland	1.0	–	0.9	–	2.0	–
Total	**175.7**	**128.4**	**184.4**	**133.3**	**364.5**	**130.8**

As at 30 June 2024 the Group employed 2,039 people in the UK, and 9 people in the Republic of Ireland.

7 TAXATION

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Current tax			
Current tax on profit for the period	1.6	0.6	2.0
Adjustments in respect of prior years	(0.1)	–	(1.1)
Total current tax	**1.5**	**0.6**	**0.9**
Deferred tax			
Origination and reversal of temporary differences	0.1	0.2	0.4
Adjustment in respect of prior years	0.2	(0.2)	0.8
Total deferred tax	**0.3**	**–**	**1.2**
Total tax expense	**1.8**	**0.6**	**2.1**

The reasons for the difference between the actual current tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Profit before tax	**7.6**	**3.5**	**11.7**
Expected tax expense based on the standard rate of corporation tax in the UK of 25.0% (2023: blended rate of 23.5%)	1.9	0.8	2.7
Expenses not deductible for tax purposes	–	–	0.4
Patent Box claim	(0.2)	(0.2)	(0.5)
Adjustments in respect of prior years	(0.2)	–	(1.1)
Deferred tax impact of share-based payments	–	–	0.1
Tax effect of accelerated capital allowances	–	–	(0.7)
Current tax expense	**1.5**	**0.6**	**0.9**

The reasons for the difference between the total tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Profit before tax	**7.6**	**3.5**	**11.7**
Expected tax expense based on the standard rate of corporation tax in the UK of 25.0% (2023: blended rate of 23.5%)	1.9	0.8	2.7
Expenses not deductible for tax purposes	–	0.2	0.2
Patent Box claim	(0.2)	(0.2)	(0.5)
Adjustments to tax charge in respect of prior years	0.1	(0.2)	(0.3)
Total tax expense	**1.8**	**0.6**	**2.1**

Changes in tax rates and factors affecting the future tax charge

In calculating the half year tax charge, the expected effective tax rate for the full year has been applied to the half year underlying profit, with the exception of the remeasurement of deferred tax liabilities, which has been applied in full.

There are no material uncertain tax provisions.

Tax included in Other Comprehensive Income

The tax credit arising on share-based payments within Other Comprehensive Income is £nil (2023: £nil).

Based on the current investment plans of the Group, and assuming the rates of capital allowances on capital expenditure continue into the future, there is little prospect of any significant part of the deferred tax liability becoming payable over the next three years.

Tax residency

Eurocell plc and its subsidiaries are all registered in the United Kingdom and are resident in the UK for tax purposes. The Group has two branches in the Republic of Ireland, with combined annual revenues of c.£2.0 million (2023: £2.0 million), total assets of less than £50,000 (2023: less than £50,000) and nine (2023: eight) full time employees. For tax purposes these two trading locations form a single branch within Eurocell Building Plastics Limited, and therefore any profits generated are subject to tax in the Republic of Ireland.

The tax charge in relation to the Group's Republic of Ireland operations in 2023 was €nil and no tax payments were made during the year. This is due to utilisation of losses brought forward. No deferred tax assets are recognised on unutilised losses due to the uncertainty of future profits in the Republic of Ireland.

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted earnings per share excludes the impact of non-underlying items.

Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options. In the event that a loss is recorded for the period, share options are not considered to have a dilutive effect.

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Profit attributable to ordinary shareholders excluding non-underlying items	6.1	4.8	12.3
Profit attributable to ordinary shareholders	5.8	2.9	9.6

	Number	Number	Number
Weighted average number of shares – basic	109,684,688	112,059,272	111,885,083
Dilutive impact of share options granted	96,520	101,200	53,451
Weighted average number of shares – diluted	**109,781,208**	**112,160,472**	**111,938,534**

	Six months ended 30 June 2024 (Unaudited) Pence	Six months ended 30 June 2023 (Unaudited) Pence	Year ended 31 December 2023 (Audited) Pence
Basic earnings per share	5.3	2.6	8.6
Adjusted basic earnings per share	5.6	4.3	11.0
Diluted earnings per share	5.3	2.6	8.6
Adjusted diluted earnings per share	5.6	4.3	11.0

9 NON-CURRENT ASSETS (Unaudited)

	Property, plant and equipment £m	Right-of-use assets £m	Intangible assets £m
At 31 December 2023	**59.9**	**55.1**	**15.8**
Additions	4.5	5.8	–
Disposals	(0.1)	(0.1)	–
Depreciation and amortisation	(4.8)	(7.1)	(0.6)
At 30 June 2024	**59.5**	**53.7**	**15.2**

10 DIVIDENDS

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Dividends paid during the period			
Interim dividend for 2023 of 2.0p per share	–	–	2.2
Final dividend for 2023 of 3.5p per share (2022: 7.2p per share)	3.8	8.1	8.1
	3.8	**8.1**	10.3
Dividends proposed			
Interim dividend for H1 2024 of 2.2p per share (H1 2023: 2.0p per share)	2.3	2.2	–
Final dividend for 2023 of 3.5p per share	–	–	3.8
	2.3	**2.2**	**3.8**

11 RECONCILIATION OF PROFIT AFTER TAX TO CASH GENERATED FROM OPERATIONS

	Six months ended 30 June 2024 (Unaudited) £m	Six months ended 30 June 2023 (Unaudited) £m	Year ended 31 December 2023 (Audited) £m
Profit after tax	**5.8**	**2.9**	**9.6**
Taxation	1.8	0.6	2.1
Finance expense	1.3	1.6	3.2
Operating profit	**8.9**	**5.1**	**14.9**
Adjustments for:			
Depreciation of property, plant and equipment	4.8	4.6	9.3
Depreciation of right-of-use assets	7.1	6.7	13.7
Amortisation of intangible assets	0.6	0.8	1.7
Impairment of tangible and right-of-use assets	–	0.1	0.3
Prepaid cloud computing costs now expensed	–	0.5	–
Share-based payments	0.5	0.3	0.8
(Increase)/decrease in inventories	(1.3)	6.4	13.2
(Increase)/decrease in trade and other receivables	(5.7)	(4.5)	6.0
Increase/(decrease) in trade and other payables	7.9	2.3	(5.8)
Increase in provisions	0.2	–	0.1
Cash generated from operations	**23.0**	**22.3**	**54.2**

12 RELATED PARTY TRANSACTIONS

The remuneration of Executive and Non-executive Directors is disclosed in the 2023 Annual Report.

Transactions with key management personnel

Kellmann Recruitment Limited is controlled by T Kelly, a close family member of M Kelly who was a Director of Eurocell plc until 11 May 2023. The fees paid to Kellman Recruitment Limited relate to recruitment services, and are agreed on an arms' length basis, at rates that are consistent with other similar suppliers of recruitment services to the Group.

The following amounts were paid to Kellman Recruitment for services provided during the periods below, up to 11 May 2023:

	Six months ended 30 June 2024 (Unaudited) £000	**Six months ended 30 June 2023 (Unaudited) £000**	**Year ended 31 December 2023 (Audited) £000**
Kellmann Recruitment Limited – recruitment services	–	109	103

Amounts outstanding at the period end were £nil (30 June 2023: £nil; 31 December 2023: £nil).

13 CAPITAL COMMITMENTS

The Group is committed to a further £2.6 million of capital investment in 2024.

14 EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any material events that have occurred after 30 June 2024 which would require disclosure under IAS 10.

Independent review report to Eurocell plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Eurocell plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Eurocell plc for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report of Eurocell plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook 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.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

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 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 group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Report, including the interim 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 is to express a conclusion on the interim financial statements in the Half Year Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
3 September 2024