MICHELMERSH
Britain's Brick Specialists

6 September 2022

Michelmersh Brick Holdings PLC

("MBH", the "Company", or the "Group")

Half Year Results for the six months ended 30 June 2022

Strong first half performance and confidence in the outlook

Michelmersh Brick Holdings PLC (AIM: MBH), the specialist brick manufacturer, is pleased to report its half year results for the six months ended 30 June 2022.

Financial Highlights:

	30 June 2022	30 June 2021	Change
Statutory results			
Revenue	**£34.0m**	£29.9m	*13.7%*
Gross margin	**37.7%**	40.1%	*(2.4%)*
Operating profit	**£5.7m**	£5.2m	*9.6%*
Profit before tax	**£5.6m**	£5.0m	*12.0%*
Basic earnings per share	**4.64p**	4.12p	*12.6%*
Cash from operations	**£8.0m**	£6.7m	*19.4%*
Net cash/(debt)	**£9.9m**	£4.1m	141.5%
Dividend per share	**1.30p**	1.15p	13.0%
Adjusted results*			
Adjusted EBITDA[1]	**£8.1m**	£7.6m	*6.6%*
Adjusted operating profit	**£6.2m**	£5.7m	*8.8%*
Adjusted profit before tax	**£6.1m**	£5.6m	*8.9%*
Adjusted earnings per share	**5.12p**	4.74p	*8.0%*

Strategic and Operational Highlights:

- Positive start to 2022, with trading performance in the first half ahead of record 2021 period
- Resilient end market fundamentals expected to continue from broad customer base
- Strong order book for the first half, with comparable and well-balanced forward order book for the second half of 2022
- Consistent operational cash generation supported capital investment focused on production efficiency and incremental output improvement
- Portfolio price increase implemented on 1 July 2022 to mitigate ongoing elevated inflation rates
- Group cash of £9.9m and undrawn £20m borrowing facility underpin financial resilience, strategic optionality and flexibility to pursue acquisition opportunities
- Declaration of interim dividend of 1.30 pence (+13% on H121) demonstrates commitment to progressive dividend policy and resilient outlook
- Careful management of input costs on a risk based approach, with energy costs continuing to be hedged in volatile markets as appropriate

Outlook

- Our well-balanced forward order book, resilient end market demand and anticipated margin improvement in the second half keeps us on track to meet full year expectations

Commenting on the results, Martin Warner, Chairman of Michelmersh Brick Holdings PLC, said:

"The Group has executed an excellent first half, culminating in record revenue and profit for the period. We have now entered the second half with a well-balanced forward order book, comparable with H2 2021, and continue to see encouraging levels of order intake from our loyal customers across our diverse end markets.

"Whilst demand for bricks remains high, the Group is closely monitoring the impact of elevated inflation and the volatile utility markets so it can react immediately to mitigate these headwinds.

"The Group continues to focus on delivering an excellent product and customer service and with the resilient fundamentals of our business we remain on track to meet full year expectations."

[*]The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude costs associated with acquisitions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results in the Joint Chief Executives Officers' Statement below.

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation

An analyst briefing will be held virtually at 10:30am today. To attend, please email michelmersh@yellowjerseypr.com.

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The information contained within this announcement is deemed to constitute inside information as stipulated under the UK Market Abuse Regulations. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with seven market leading brands: Blockleys, Carlton, Charnwood, Freshfield Lane, Michelmersh, Floren and Hathern Terra Cotta. These divisions operate within a fully integrated business combining the manufacture of clay bricks and pavers. The Group also includes a landfill operator, New Acres Limited, and seeks to develop future landfill and development opportunities on ancillary land assets.

Established in 1997, the Company has grown through acquisition and organic growth into a profitable and asset rich business, producing over 125 million clay bricks and pavers per annum. Michelmersh currently owns most of the UK's premium manufacturing brick brands and is a leading specification brick and clay paving manufacturer.

Michelmersh strives to be a well invested, long term, sustainable, environmentally responsible business. Opportunity, training and security for all employees, whilst meeting the needs of stakeholders are at the forefront of everything we do. We aim to lead the way in producing some of Britain's premium clay products and enhancing our environment by adding value to the architectural landscape for generations to come.

We are Michelmersh Brick Holdings PLC: we are "Britain's Brick Specialist".
Please visit the Group's websites at: www.mbhplc.co.uk and www.bimbricks.com

Joint Chief Executive Officers' Statement

We are pleased to present another set of strong results for the six months ended 30 June 2022 and to report on further progress against our strategic objectives. These results have been achieved in a challenging macroeconomic environment with elevated inflation risks and unprecedented volatility in the utility markets, largely driven by negative market sentiment rather than supply side dynamics over the first half of the year.

Importantly, the fundamentals in our end markets remain supported by Government policy and we are benefitting from our diversified end customers that cover multiple channels. From Repairs, Maintenance and Improvement ("RMI") through to housing and commercial, social and specification projects, our strategic approach to addressing these segments underpins our view of the resilience of the business to continue to deliver growth. The longevity and depth of our customer relationships provides a resilient model and we are focused on delivering an excellent product and service whilst balancing the needs of all our stakeholders.

We have significant strength in the premium end of the brick market in the UK and Benelux markets. The long-term fundamentals of these markets are positive, with brick continuing to be the façade material of choice due to its longevity, sustainable and energy efficiency qualities, low-cost base and broad aesthetic appeal. The inherent brick manufacturing shortfall in the UK market has continued across the first half with significant import volumes underpinning demand, and despite softening construction sector sentiment we see these dynamics as supporting our resilient outlook.

As a result, the Group continues to focus on manufacturing and delivering the highest quality brick products to our broad end customer base, which underpins average selling prices at a premium to the wider market and supports our focus of consistently selling all the product we make, underlining the resilience in our profit margins.

The operational cash generation of the business gives us confidence to continue to invest in projects that address our strategic objectives to expand and improve our manufacturing capacity, support ongoing improvements in production efficiency, de-risk processes and deliver long term, sustainable production.

We are committed to our progressive dividend policy, and the declaration of an increased interim dividend underlines our confidence in the positive outlook for the business. All of this leaves us well positioned to deliver further progress in the second half of our 2022 financial year and beyond.

Group Results

Financial Highlights

	Half year to 30 June 2022	Half year to 30 June 2021	Change
Revenue	**£34.0m**	£29.9m	*13.7%*
Gross margin	**37.7%**	40.1%	*(2.4%)*
Adjusted* EBITDA[1]	**£8.1m**	£7.6m	*6.6%*
Adjusted* operating profit	**£6.2m**	£5.7m	*8.8%*
Operating profit	**£5.7m**	£5.2m	*9.6%*
Adjusted* profit before tax	**£6.1m**	£5.6m	*8.9%*
Profit before tax	**£5.6m**	£5.0m	*12.0%*
Adjusted* basic earnings per share	**5.12p**	4.74p	*8.0%*
Basic earnings per share	**4.64p**	4.12p	*12.6%*
Dividend per share	**1.30p**	1.15p	*13.0%*

**The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude costs associated with acquisitions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results in the Joint Chief Executives Officers' Statement below.*

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation

As a result of the positive trading performance in the business, the Group has delivered strong growth and a record set of half year results.

Revenue for the six months increased by 13.7% to £34.0 million (HY21: £29.9 million) over the equivalent period in 2021. The strong revenue performance over the first six months was predominantly due to price increases implemented across the portfolio from the start of the period as we looked to offset the increase in our input costs, whilst maintaining production volumes in line with our expectations.

As a result of the strong revenue growth, operating profit of £5.7 million was up 9.6% on 2021 (HY21: £5.2 million), and profit before tax of £5.6 million was up 12.0% (HY21: £5.0 million). As expected, the impact of the inflationary environment, and most specifically elevated utility costs, impacted our profit margins by around 200 basis points in the first half. The Group's policy is to manage our input costs on a risk-based approach. As such, we have secured over 90% of our energy requirements for 2022. Energy contracts are in place for 50% of our expected requirements in 2023 and further contracts into 2024 and 2025 in line with this approach. The results and strategy underline the Company's continuing success of managing our operational efficiency to maximise our financial returns, whilst importantly maintaining a close relationship with our loyal customers.

Additionally, our positive profit and earnings metrics reflect the benefit of swiftly repaying our borrowings with the further voluntary repayment of £10.0 million in the third quarter of 2021 and the final payment of £0.8m in the first half of this financial year supporting these positive results, giving a net cash position of £9.9 million at the period end.

On a reported basis, the results include the impact of the amortisation of acquired intangibles, and on an adjusted basis to remove the impact of these items, adjusted EBITDA of £8.1 million (HY21: £7.6 million) is ahead by 6.6% against 2021. This was at a reduced adjusted EBITDA margin of 23.8%, reflecting the impact of the volatile utility cost environment and the very strong comparator in the first half of 2021 of 25.4%.

After a tax charge of £1.2 million (HY21: £1.2 million), the Group recorded a profit for the period after tax of £4.4m (HY21: £3.9 million). The tax rate of 21% (HY21: 23%) reflects our expected effective Group tax rate for the full year, which is a 2% reduction on 2021 as that period included the impact from the adjustment of the Group's net deferred tax liabilities following the change announced in the 2021 Budget that will increase the standard rate of UK corporation tax from 19% to 25% effective from 1 April 2023.

Basic earnings per share increased by 12.6% to 4.64p (HY21: 4.12p).

The table below (Adjusted Performance measures) provides a clear reconciliation of the adjusted performance to the reported numbers.

Adjusted performance measures:

	Half year to 30 June 2022 £000	Half year to 30 June 2021 £000	Change	Year ended 31 December 2021 £000
Operating profit	**5,664**	5,151	9.6%	9,920
Adjustments:				
Amortisation of acquired intangibles	**567**	584		1,198
Adjusted operating profit	**6,231**	5,735	8.8%	11,118
Depreciation	**1,848**	1,908		3,583
Adjusted EBITDA	**8,079**	7,643	6.6%	14,701
Finance costs	**(93)**	(131)		(223)
Depreciation	**(1,848)**	(1,908)		(3,583)
Adjusted profit before taxation	**6,138**	5,604	8.9%	10,895

Basic earnings per share	**4.64p**	4.12p	12.6%	6.50p
Adjusted basic earnings per share [a]	**5.12p**	4.74p	8.0%	9.33p

[a] *Includes adjustments to exclude amortisation of acquired intangibles*

Group Cash and Working Capital

Cash generated from operations for the six months ended 30 June 2022 was £8.0 million, compared to £6.7 million for the same period in 2021, again benefiting from the strong six months of trading performance and continued focus and success in managing our working capital efficiency. As a result, operating cash conversion from adjusted EBITDA was 98.8% compared to 88.2% in 2021, and we are proud of the underlying fundamental cash generating ability of the business.

	Half year to 30 June 2022	Half year to 30 June 2021
Net cash generated from operations	**£8.0m**	£6.7m
Tax paid	**(£1.3m)**	(£1.1m)
Interest paid	**(£0.1m)**	(£0.1m)
Purchase of property, plant and equipment	**(£1.7m)**	(£2.0m)
Debt repaid	**(£0.8m)**	(£0.8m)
Own shares acquired	**(£1.2m)**	-
Lease payments	**(£0.4m)**	(£0.2m)
Dividend paid	**(£0.9m)**	-
Other	**(£0.1m)**	-
Net increase in cash and cash equivalents	**£1.5m**	£2.5m
Net cash/(debt)	**£9.9m**	£4.1m

At the half year the Group had net cash of £9.9 million (HY21: £4.1m, comprising cash of £14.8 million less bank debt of £10.7 million).

Our characteristic strong operating cash generation, cash position and undrawn Sterling and Euro denominated bank facility of £20 million provides the Group with considerable financial resilience and flexibility to pursue strategic investments and acquisition opportunities in the future. Importantly, any such opportunities would need to meet our commercial and financial criteria, complement the existing portfolio and not impact our ability to maintain our progressive dividend policy.

Our long-term policy is to maintain a strong financial position and keep the ratio of net debt to adjusted EBITDA comfortably under two times.

Property, plant and equipment

Capital expenditure in the first half of the current financial year highlights our commitment and ability to deliver incremental improvements to our existing manufacturing output and operational efficiency. The principal expenditure was focused on the completion of our kiln drying capacity at Carlton which will support ongoing production efficiency at this key site. Alongside, we have invested in our clamp kilns at Freshfield Lane to improve operational efficiency. Additionally, whilst we completed the new road at Telford in 2021 to facilitate the release of the remaining mineral reserves at Blockleys to support the long-term operations, we have completed some ancillary drainage works to enable the release of some of the land for alternative use; selling surplus investment land remains an important pillar of our lifetime revenue sources.

Sustainability

Following the successful launch in 2021 of our Sustainability Report and road map to achieving carbon neutrality we have been focused on delivery against that strategy. At the start of the year, we were delighted to appoint a new role, from within the Group, with specific responsibility to deliver measurable progress on this singularly important objective for the Group to achieving net zero by 2050.

During the period we were pleased to win a competitive process to partner with the UK Government on a research project investigating the potential use of hydrogen fuel in the brick manufacturing process. The research and development project will continue into 2023 and demonstrates our commitment to investigate a broad range of opportunities to continue to lead as the sustainable face of clay brick manufacturing. Alongside, during the second half we will add further capacity to our solar farm on our site in Floren which will deliver over 50% of our electricity requirements for that site from the start of 2023. We have also launched two further solar projects in the UK as we look to expand our solar capacity and build on our pipeline of capital projects into 2023 and beyond that will continue to deliver positive incremental changes in support of our core focus on achieving the Group's sustainability ambitions.

Dividend

The Board declared a final dividend in respect of 2021 of 2.50 pence per ordinary share to shareholders. The dividend was approved by shareholders at the AGM on 12 May 2022 and as a result the liability for the dividend payment was accrued in the 30 June 2022 interim accounts with the £2.4m payment made after the half year end on 13 July 2022.

Reflecting our fundamental belief and commitment in maintaining the importance of our dividend policy and alongside our confident outlook for the business, the Board has declared an interim dividend of 1.30 pence per ordinary share (30 June 2021: 1.15pps). The dividend will be paid on 12 January 2023 to members on the register on 2 December 2022 and is not accrued in the June 30 2022 interim accounts. With this interim declaration, the Board is maintaining its guiding policy of one third of the total annual dividend being paid at the interim stage and two thirds of the total annual dividend being paid at the full year.

Outlook

Following the strong first half, and with resilient order intake and a well-balanced forward order book covering a broad range of end markets, we are well placed to continue our positive trading in the second half.

The Group has continued to see order intake in line with our forecast expectations since the start of the second half . Whilst there is a more cautious sentiment in the construction sector, diversification across RMI, housing, commercial, social and specification projects underpins our resilient outlook.

The ongoing elevated inflation rate and unpredictable energy costs present a more challenging environment. However, we have remained focused on mitigating risks to our input costs as well as maintaining appropriate portfolio pricing, and in collaboration with our customers we introduced our standard timetabled price increase at the start of July 2022.

Our consistent ability to deliver sustainable operational cash generation underpins our liquidity position at the half year. Combining this with the undrawn borrowing facility provides the Group with both considerable financial resilience and flexibility to pursue future strategic investments and potential acquisition opportunities. Importantly, these would need to meet our commercial and financial criteria and complement the existing portfolio.

The Group continues to operate on the basis of maintaining a well-balanced forward order book, deep and loyal customer and distributor relationships supported by the resilient demand from the specification, housing, repair maintenance and improvement and commercial sectors. Despite the ongoing uncertain macroeconomic conditions and construction sector sentiment, the quality fundamentals in our business provide resilience and underpin our outlook and as a result give us confidence for the second half and beyond.

Frank Hanna and Peter Sharp
Joint Chief Executive Officers

Consolidated Income Statement

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000	12 months ended 31 December 2021 £'000
	Unaudited	Unaudited	Audited
Revenue	**33,988**	29,935	59,524
Cost of sales	**(21,188)**	(17,902)	(35,369)
Gross profit	**12,800**	12,033	24,155
Administration expenses	**(6,600)**	(6,590)	(13,398)
Amortisation of acquired intangibles	**(567)**	(584)	(1,198)
	(7,167)	(7,174)	(14,596)
Other income	**31**	292	361
Operating profit	**5,664**	5,151	9,920
Finance expense	**(93)**	(131)	(223)
Profit before taxation	**5,571**	5,020	9,697
Taxation	**(1,170)**	(1,151)	(3,568)
Profit for the period	**4,401**	3,869	6,129
Basic earnings per share attributable to the equity holders of the company	**4.64 p**	4.12 p	6.50 p
Diluted earnings per share attributable to the equity holders of the company	**4.50 p**	3.87 p	6.27 p

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Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2022 £'000	6 months ended 30 June 2021 £'000	12 months ended 31 December 2021 £'000
	Unaudited	Unaudited	Audited
Profit for the financial period	**4,401**	3,869	6,129
Other comprehensive income/(expense)			
Items which may subsequently be reclassified to profit or loss			
Currency movements	(236)	(193)	(216)
Items which will not subsequently be reclassified to profit or loss			
Revaluation deficit of property, plant and equipment	-	-	(2,855)
Revaluation surplus of property, plant & equipment	-	-	4,125
Tax credit on exercise of options	-	-	274
Deferred tax on revalued assets	-	(2,053)	(1,404)
	(236)	(2,246)	(76)
Total comprehensive income for the financial period	4,165	1,623	6,053

Consolidated Balance Sheet

	As at 30 June 2022 £'000 Unaudited	As at 30 June 2021 £'000 Unaudited	As at 31 December 2021 £'000 Audited
Assets			
Non-current assets			
Intangible assets	**19,655**	20,815	20,222
Property, plant and equipment	**63,738**	61,321	63,205
	83,393	82,136	83,427
Current assets			
Inventories	**9,031**	9,243	10,060
Trade and other receivables	**12,026**	11,939	10,551
Corporation tax receivable	**272**	-	190
Cash and cash equivalents	**9,926**	14,758	8,467
Total current assets	**31,255**	35,940	29,268
Total assets	**114,648**	118,076	112,695
Liabilities			
Current liabilities			
Trade and other payables	**13,869**	12,966	11,636
Interest bearing borrowings	**-**	906	143
Lease liabilities	**401**	192	491
Corporation tax payable	**-**	14	-
Total current liabilities	**14,270**	14,078	12,270
Non-current liabilities			
Interest bearing borrowings	**-**	9,783	642
Lease liabilities	**523**	329	117
Deferred tax liabilities	**14,542**	13,972	14,542
	15,065	24,084	15,301
Total liabilities	**29,335**	38,162	27,571
Net assets	**85,313**	79,914	85,124
Equity attributable to equity holders			
Share capital	**19,178**	18,789	19,127
Share premium account	**16,724**	15,827	16,536
Other reserves	**21,967**	20,324	21,763
Retained earnings	**27,444**	24,974	27,698
Total equity	**85,313**	79,914	85,124

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2021	18,789	15,827	21,581	23,454	**79,651**
Profit for the period	-	-	-	3,869	**3,869**
Currency difference	-	-	(193)	-	**(193)**
Deferred tax on revalued assets	-	-	(2,053)	-	**(2,053)**
Total comprehensive income	-	-	(2,246)	3,869	**1,623**
Transactions with owners:					
Share based payment	-	-	523	-	**523**
Dividends payable	-	-	-	(2,349)	**(2,349)**
Scrip dividend payable	-	-	466	-	**466**
As at 30 June 2021	**18,789**	**15,827**	**20,324**	**24,974**	**79,914**
Profit for the period	-	-	-	2,260	**2,260**
Currency difference	-	-	(23)	-	**(23)**
Revaluation deficit	-	-	(2,855)	-	**(2,855)**
Revaluation surplus	-	-	4,125	-	**4,125**
Tax credit on exercise of options	-	-	274	-	**274**
Deferred tax on revalued assets	-	-	649	-	**649**
Total comprehensive income	-		2,170	2,260	**4,430**
Transactions with owners:					
Shares issued in the period	114	307	-	-	**421**
Share based payment	-	-	359	-	**359**
Release on maturity of options	160	-	(624)	464	**-**
Transfer between reserves	64	402	(466)	-	**-**
As at 31 December 2021	**19,127**	**16,536**	**21,763**	**27,698**	**85,124**
Profit for the period	**-**	**-**	**-**	**4,401**	**4,401**
Currency difference	**-**	**-**	**(236)**	**-**	**(236)**
Total comprehensive income	**-**		**(236)**	**4,401**	**4,165**
Transactions with owners:					
Shares issued in the period	**8**	**23**	**-**	**-**	**31**
Share based payment	**-**	**-**	**508**	**-**	**508**
Released on maturity of options	**13**	**-**	**(68)**	**55**	**-**
Own shares acquired	**-**	**-**	**-**	**(1,240)**	**(1,240)**
Dividends paid	**30**	**165**	**-**	**(1,100)**	**(905)**
Dividends payable	**-**	**-**	**-**	**(2,370)**	**(2,370)**
As at 30 June 2022	**19,178**	**16,724**	**21,967**	**27,444**	**85,313**

Consolidated Statement of Cash Flows

	6 months ended 30 June 2022 £'000 Unaudited	6 months ended 30 June 2021 £'000 Unaudited	12 months ended 31 December 2021 £'000 Audited
Net cash generated by operations	**8,003**	6,741	15,821
Taxation paid	**(1,252)**	(1,121)	(2,250)
Net cash generated by operating activities	**6,751**	5,620	13,571
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,682)**	(1,973)	(4,228)
Net cash used in investing activities	**(1,682)**	(1,973)	(4,228)
Cash flows from financing activities			
Interest paid	**(93)**	(91)	(223)
Repayment of interest bearing liabilities	**(785)**	(784)	(10,688)
Lease payments	**(383)**	(257)	(530)
Proceeds of share issue	**31**	-	421
Own shares acquired	**(1,240)**	-	-
Dividends paid	**(905)**	-	(1,883)
Net cash used in financing activities	**(3,375)**	(1,132)	(12,903)
Net increase / (decrease) in cash and cash equivalents	**1,694**	2,515	(3,560)
Cash and cash equivalents at beginning of period	**8,467**	12,243	12,243
Foreign exchange differences	**(235)**	-	(216)
Cash and cash equivalents at end of period	**9,926**	14,758	8,467
Cash and cash equivalents comprise:			
Cash at bank and in hand	**9,926**	14,758	8,467

NOTES TO THE GROUP INTERIM REPORT

1. GENERAL INFORMATION

Michelmersh Brick Holdings PLC ("the Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 3462378). The Company is domiciled in the United Kingdom and its registered address is Freshfield Lane, Danehill, Haywards Heath, West Sussex, RH17 7HH. The Company's Ordinary Shares are traded on AIM, part of the London Stock Exchange plc. Copies of the Interim Report and Annual Report and Accounts may be obtained from the address above, or at www.mbhplc.co.uk.

2. ACCOUNTING POLICIES

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the United Kingdom. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the United Kingdom. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the United Kingdom and applicable as at 31 December 2022. The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2021 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, and did not contain a statement under section 498(2) or (3) of the Act.

The financial information for the six months ended 30 June 2022 and 30 June 2021 is unaudited.

3. EARNINGS PER SHARE

The calculation of earnings per share is based on a profit of £4,401,000 (six months ended 30 June 2021 –£3,869,000; 12 months ended 31 December 2021–£6,129,000) and 94,777,398 (at 30 June 2021 93,943,381 and 31 December 2021, 94,305,964) being the weighted average number of ordinary shares in issue, excluding those held in the employee benefit trust.

Diluted

At 30 June 2022 there were 3,040,424 (June 2021: 5,999,547, and at 31 December 2021: 3,378,137) dilutive shares under option leading to 97,817,822 shares (30 June 2021: 99,942,928, and at 31 December 2021: 97,684,101) being the weighted average number of ordinary shares for the purposes of diluted earnings per share. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

Own shares held

At 30 June 2022 1,048,836 (six months ended 30 June 2021 – nil; 12 months ended 31 December 2021 - nil) ordinary shares were held by Michelmersh Brick Holdings PLC Employee Benefit Trust (the "EBT") and are intended to be used to satisfy the exercise of share options by employees. The EBT is a discretionary trust for the benefit of the Company's employees, including the Directors of the Company. Dividends on these shares have been waived.

The market value of the shares held in the trust at 30 June 2022 was £1.0m. All 1,048,836 shares held by the EBT were acquired by the trust during the period. No shares were used in the period to satisfy awards following the vesting of shares relating to Company share incentive schemes.