5 September 2023

Michelmersh Brick Holdings PLC

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

Half Year Results for the six months ended 30 June 2023

Positive first half performance and resilient outlook

Michelmersh Brick Holdings PLC (AIM: MBH), the specialist brick manufacturer and brick-fabricator, is pleased to report its half year results for the six months ended 30 June 2023.

Financial Highlights:

	30 June 2023	30 June 2022	Change	Organic change [2]
Statutory results				
Revenue	**£42.0m**	£34.0m	*23.5%*	*10.3%*
Gross margin	**36.9%**	37.7%	*(0.8%)*	*0.2%*
Operating profit	**£6.1m**	£5.7m	*7.0%*	*5.3%*
Profit before tax	**£6.1m**	£5.6m	*8.9%*	*7.1%*
Basic earnings per share	**5.00p**	4.64p	*7.8%*	*6.2%*
Cash from operations	**£7.6m**	£8.0m	*(5.0%)*	*(6.5%)*
Net cash	**£11.8m**	£9.9m	19.2%	14.1%
Dividend per share	**1.50p**	1.30p	15.4%	-
Adjusted results*				
Adjusted EBITDA[1]	**£8.7m**	£8.1m	*7.4%*	*4.9%*
Adjusted operating profit	**£6.8m**	£6.2m	*9.7%*	*8.1%*
Adjusted profit before tax	**£6.8m**	£6.1m	*11.5%*	*9.8%*
Adjusted earnings per share	**5.73p**	5.12p	*11.9%*	*9.8%*

Strategic and Operational Highlights:

- Positive first half of 2023, with resilient performance highlighting benefits of our diverse end markets
- Strong opening order book underpinned first half performance, despite sector wide c.25% decline in brick volume demand driven by continuing elevated inflation and uncertain interest rate outlook
- Continuing focus on collaboration with customers to deliver appropriate portfolio pricing
- FabSpeed revenue included in Group results for the first time following its acquisition in November 2022 alongside strong organic like-for-like performance
- Launch of SustainableBrick.com, a new website that highlights the benefits of clay brick to our broad customer base
- Careful management of input costs on a risk-based approach, with energy costs continuing to be hedged in uncertain markets and investment in solar at plants to supplement longer term energy requirement
- Group cash of £11.8 million and undrawn £20 million borrowing facility underpins financial resilience and flexibility to pursue a balanced capital allocation policy and further acquisition opportunities
- Declaration of interim dividend of 1.50 pence (+15% on H122) underlines the Board's confidence in the outlook of the business and its commitment to progressive returns for shareholders

Outlook

- Focus on maintaining a well-balanced forward order book and appropriate pricing expected to support resilient demand across our diverse end market customer base and keep us on track to meet full year expectations

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

"The Group has delivered a positive first half performance despite a challenging macroeconomic backdrop which has impacted the construction industry significantly and in turn some of our end markets. Our first half performance has benefitted from a well-balanced order book and our diverse end markets and we will continue to prioritise appropriate portfolio pricing to support demand from our customers.

"Whilst the brick market has been impacted by lower consumer confidence, we continue to focus on delivering an excellent product and customer service, while proactively managing our input costs appropriately. Backed by 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*

[2] *Organic change presents a percentage comparison year on year excluding the impact of the results of FabSpeed which was acquired on 24 November 2022.*

An analyst briefing will be held at 09:00am today. To attend, please email michelmersh@yellowjerseypr.com.

The Company also notes that it will be hosting an online presentation to retail investors on Friday 08 September at 10:00am. Those wishing to join the presentation are requested to register via the following link: Meeting Registration.

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About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with seven market leading brands: Blockleys, Carlton, FabSpeed, Freshfield Lane, Michelmersh, Floren.be and Hathern Terra Cotta. These divisions operate within a fully integrated business, combining the production of premium, precision-made bricks, pavers, special shaped bricks, bespoke Terra Cotta products and prefabricated brick components. 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 122 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, www.bimbricks.com and www.sustainablebrick.com

Joint Chief Executive Officers' Statement

We are pleased to report on a positive start to our 2023 financial year and provide details on further progress against our strategic objectives. These half year results have been achieved despite a very challenging environment across the construction industry with elevated inflation rates creating significant uncertainty in the trajectory of future interest rates, which is weighing on consumer demand across our key markets.

Despite the current headwinds, the fundamentals in our end markets remain positive with a critical shortage of both new residential and social housing, a significant legacy housing inventory constructed with brick facades underpinning future Repairs, Maintenance and Improvement ("RMI") demand together with requirements for specification and brick-cladding remedial solutions. Furthermore, all three major political parties remain committed to reversing the decades long decline in housing formations. Our strategic approach remains focused on targeting our broad product portfolio to address a balanced demand across each of these segments and in our view this underpins the resilience of our business as we focus on continuing to deliver earnings growth and returns for shareholders. The longevity and depth of our customer relationships support this approach and we are focused on maintaining our partnerships by delivering an excellent product and service.

Our fundamental core competency remains our significant strength in the premium end of the brick market in the UK and Benelux markets. We view the long-term fundamentals of these markets as 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. Demand for bricks across the sector has declined over the last six months in line with the more negative consumer environment. Consequently, brick inventory volumes for the sector are above the five-year average of c.450 million. However, our ability to address the market's broad spectrum allows us to maintain a resilient outlook.

The Group continues to focus on manufacturing and delivering the highest quality brick products to our diverse end market customer base. This focus on quality, together with our balanced average selling prices and focus on consistently selling all the products we make, underpins our confidence in the Group's future earnings growth.

The Group's operational cash generation continues to give us the confidence to follow a balanced capital allocation strategy, with us continuing to invest in projects that address our strategic objectives to improve the sustainability of our manufacturing operations and support ongoing improvements in production efficiency. We remain committed to our progressive dividend policy and the declaration of an increased interim dividend underlines our confidence in the outlook for the business. All of this leaves us well-positioned to deliver further progress in the second half of 2023 and beyond.

Group Results

Financial Highlights

	Half year to 30 June 2023	Half year to 30 June 2022	Change
Revenue	**£42.0m**	£34.0m	*23.5%*
Gross margin	**36.9%**	37.7%	*(0.8%)*
Adjusted* EBITDA[1]	**£8.7m**	£8.1m	*7.4%*
Adjusted* operating profit	**£6.8m**	£6.2m	*9.7%*
Operating profit	**£6.1m**	£5.7m	*7.0%*
Adjusted* profit before tax	**£6.8m**	£6.1m	*11.5%*
Profit before tax	**£6.1m**	£5.6m	*8.9%*
Adjusted* basic earnings per share	**5.73p**	5.12p	*11.9%*
Basic earnings per share	**5.00p**	4.64p	*7.8%*

Dividend per share	**1.50p**	1.30p	*15.4%*

**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 resilient trading performance in the business, the Group has delivered robust growth and a positive set of half year results. The 2023 half year results include the positive impact of FabSpeed, our pre-fabricated building product acquisition in November 2022, and for comparison purposes, we include like-for-like narrative to remove this one-off benefit on our key financial metrics.

Revenue for the six months increased by 23.5% to £42.0 million (HY22: £34.0 million) over the equivalent period in 2022. Removing the impact of FabSpeed, revenue increased by 10.3% and the strong performance over the first six months was predominantly due to the price increase implemented across the portfolio from the start of the period, as we continued to offset the increase in our input costs, whilst importantly focusing on maintaining production volumes in line with our expectations as we look to deliver maximum operational leverage from our broader manufacturing base.

As a result of the strong revenue growth, operating profit of £6.1 million was up 7.0% on the comparative 2022 period (HY22: £5.7 million) and profit before tax of £6.1 million was up 8.9% (HY22: £5.6 million). On a like-for-like basis removing FabSpeed these increases were 5.3% and 7.1% respectively. The lower contribution from FabSpeed to our profit performance reflected a number of one-off initiatives we facilitated in the first half, as we moved swiftly to embed our operational processes and procedures across the four acquired operational sites. Consequently, we expect FabSpeed to contribute profits in line with our expectations from the start of the second half of the year, following the conclusion of these process implementations. Following nearly two years of significant cost base volatility we have continued to manage our input costs. As such, we have again secured over 90% of our energy requirements for 2023. Energy contracts are also in place for 70% of our expected requirements in 2024 with further contracts into 2025 and 2026 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 through our ability to deliver a greater degree of pricing visibility.

On a reported basis, the results include the impact of the amortisation of acquired intangibles. On an adjusted basis, to remove the impact of these items, adjusted EBITDA of £8.7 million (HY22: £8.1 million) is ahead by 7.4% against 2022 and 4.9% on a like-for-like basis. As we highlighted in our 2022 year end results, this was at a reduced adjusted EBITDA margin of 20.8% (HY22: 23.8%), reflecting the importance of the partnership with our customers as we balance our financial performance and focus on earnings growth alongside the necessity to secure robust forward demand in our core markets.

After a tax charge of £1.4 million (HY22: £1.2 million), the Group recorded a profit for the period after tax of £4.7 million (HY22: £4.4 million). The tax rate of 23.5% (HY22: 21%) reflects our expected effective Group tax rate for the full year, which is a 2.5% increase on 2022 following the change announced in the 2021 Budget and ratified by parliament which increased the standard rate of UK corporation tax from 19% to 25% effective from 1 April 2023.

Basic earnings per share increased by 7.8% to 5.00p (HY22: 4.64p).

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 2023 £000	Half year to 30 June 2022 £000	Change	Year ended 31 December 2022 £000

Operating profit	**6,079**	5,664	7.0%	11,609
Adjustments:				
Amortisation of acquired intangibles	**684**	567		1,133
Adjusted operating profit	**6,763**	6,231	9.7%	12,742
Depreciation	**1,968**	1,848		3,915
Adjusted EBITDA	**8,731**	8,079	7.4%	16,657
Finance income/(expense)	**33**	(93)		(214)
Depreciation	**(1,968)**	(1,848)		(3,915)
Adjusted profit before taxation	**6,796**	6,138	11.5%	12,528

Basic earnings per share	**5.00p**	4.64p	7.8%	9.41p
Adjusted basic earnings per share [a]	**5.73p**	5.12p	11.9%	10.61p

[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 2023 was £7.6 million, compared to £8.0 million for the same period in 2022. As a result, operating cash conversion from adjusted EBITDA was healthy at 87.3% compared to 98.8% in 2022, and the underlying fundamental cash-generating ability of the business continues to provide us with real financial flexibility.

	Half year to 30 June 2023	Half year to 30 June 2022
Net cash generated from operations	**£7.6m**	£8.0m
Tax paid	**(£1.2m)**	(£1.3m)
Interest paid	**-**	(£0.1m)
Purchase of property, plant and equipment	**(£2.2m)**	(£1.7m)
Proceeds from sale of land	**£1.1m**	-
Debt repaid	**-**	(£0.8m)
Own shares acquired	**(£1.0m)**	(£1.2m)
Settlement for cancelled share options	**(£1.8m)**	-
Lease payments	**(£0.3m)**	(£0.4m)
Dividend paid	**(£1.2m)**	(£0.9m)
Other	**(£0.1m)**	(£0.1m)
Net increase in cash and cash equivalents	**£0.9m**	£1.5m
Net cash	**£11.8m**	£9.9m

At the half year the Group had cash of £11.8 million (HY22: £9.9 million).

Our characteristically 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 a balanced capital allocation policy and further acquisition opportunities. It is testament to the quality of the business that we completed the initial £6.4 million cash consideration payment of FabSpeed in November 2022 and ended the period ahead of our June 2022 comparison period.

Property, plant and equipment and land sale

As shown in our FY2022 results, our capital expenditure in the first half of the current financial year highlights our broader focus on delivering technically feasible sustainability improvements. The principal expenditure was focused on Floren where we have completed the construction of a building to house automated robot pallet mixing equipment and utilised the roof to add additional solar capacity which now collectively provides over 50% of our electricity needs. Given the proven success in Floren, we applied for a G99 Connection through the National Grid to add solar panels to Blockleys, which we received during the first half and started work on adding the solar panels which we will complete this year. Alongside, we continued our programme of planned roll-outs to electrify our fork-lift fleet which during the first half focused on Michelmersh.

Additionally, over the last few years we have focused on preparing non-core land at Blockleys ahead of its release for alternative use. The sale of surplus investment land remains an important pillar of our lifetime revenue sources. During the first half we received £1.1 million from the sale of this surplus land with the price agreed under the terms of a legacy option agreement. The land had previously been valued at the option price so the sale was released at our balance sheet carrying value with no one-off impact to the earnings statement.

Purchase of own shares and share option cancellation

At the end of 2022, we announced a share buyback programme to reduce the share capital of the Group to return value to shareholders. The scheme continues to run with a maximum aggregated consideration of £3.0 million of which £1.0 million had been spent up to the end of the period purchasing 1,112,000 shares. The shares continue to be held as treasury shares.

Alongside the buy-back programme, we continue to prioritise the future expected returns of shareholders by focusing on the volume of our issued share capital. As a result, 2.0 million 2017 LTIP options were cancelled in November 2022 and converted to a cash settlement. The cash settlement value of £1.8 million was paid in the first half which included all associated employment tax obligations.

Sustainability

The Group believes it is strategically integral for it to be a senior representative of clay brick manufacturing and champion the carbon benefits of utilising our product portfolio in the built environments of the UK and northern Europe. As we highlighted in the ESG section of our 2022 Annual Report, for the Group this will always be focused on incremental improvements as we collaborate with our partners to both develop and adopt the technical solutions that will support the outlined targets in our 2021 Sustainability Report.

Given our focus on championing the sustainability of our portfolio we were delighted to launch SustainableBrick.com, a new website that highlights the benefits of clay brick to our broad range of end customers. This information resource aims to reinforce to architects, the evolution and investment the industry is making towards innovative sustainability related improvements whilst showcasing the sustainable benefits of clay brick. The site is also targeted at the construction industry drawing out the many carbon calculation resources available to aid the sector in collectively and collaboratively achieving net zero. Through the products and initiatives showcased throughout the website we hope to lead the way in sustainable construction practices and illustrate how these can be adopted for future generations.

Dividend

The Board recommended a final dividend in respect of 2022 of 2.95 pence per ordinary share to shareholders. The dividend was approved by shareholders at the AGM on 18 May 2023 and as a result the liability for the dividend payment was accrued in the 30 June 2023 interim accounts with the £2.8m payment made after the half year end on 12 July 2023.

Reflecting our fundamental belief and commitment to maintaining the importance of our dividend policy, the Board has declared an interim dividend of 1.50 pence per ordinary share ("pps") (30 June 2022: 1.30pps). The dividend will be paid on 11 January 2024 to members on the register on 1 December 2023 and is not accrued in the 30 June 2023 interim accounts. The ex-dividend date will be 30 November 2023. 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 positive first half, maintaining a well-balanced forward order book covering a broad range of end markets is fundamental as we look to continue our progress in the second half.

Across the Group, current order intake remains supportive of our quality forward order book underpinning our second half revenue expectations and this is despite the negative and cautious sentiment in the construction sector. The contraction in sector demand has given us the ability to adapt elements of our production planning ensuring inventory volumes of core products enabling near term order opportunity fullfilment. We are focused on continuing to diversify across RMI, housing, commercial, social and specification projects and this whole market strategy continues to underpin our resilient outlook.

Our active risk management of our cost base to mitigate ongoing volatility to our input costs has supported our ability to maintain medium-term price stability, and with the focus on partnerships and collaboration with our customers we have not changed our portfolio pricing ahead of the second half as we work to support and prioritise forward demand.

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 a balanced capital allocation strategy as we focus on delivering value for our shareholders.

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 a robust demand from the specification, housing, RMI and commercial sectors. With high inflation and an uncertain interest rate environment we believe our broad brick and brick-fabrication portfolio supports our ability to address the full breadth of our end markets and it is these quality fundamentals in our business that 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 2023 £'000	6 months ended 30 June 2022 £'000	12 months ended 31 December 2022 £'000
	Unaudited	Unaudited	Audited
Revenue	**42,038**	33,988	68,375
Cost of sales	**(26,535)**	(21,188)	(41,463)
Gross profit	**15,504**	12,800	26,912
Administration expenses	**(8,776)**	(6,600)	(14,225)
Amortisation of acquired intangibles	**(684)**	(567)	(1,133)
	(9,460)	(7,167)	(15,358)
Other income	**35**	31	55
Operating profit	**6,079**	5,664	11,609
Finance income/(expense)	**33**	(93)	(214)
Profit before taxation	**6,112**	5,571	11,395
Taxation	**(1,436)**	(1,170)	(2,518)
Profit for the period	**4,676**	4,401	8,877
Basic earnings per share attributable to the equity holders of the company	**5.00p**	4.64 p	9.41 p
Diluted earnings per share attributable to the equity holders of the company	**4.86p**	4.50 p	9.20 p

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Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2023 £'000	6 months ended 30 June 2022 £'000	12 months ended 31 December 2022 £'000
	Unaudited	Unaudited	Audited
Profit for the financial period	**4,676**	4,401	8,877
Other comprehensive income/(expense)			
Items which may subsequently be reclassified to profit or loss			
Currency movements	280	(236)	(257)
Items which will not subsequently be reclassified to profit or loss			
Revaluation deficit of property, plant and equipment	-	-	(1,115)
Revaluation surplus of property, plant & equipment	-	-	2,716
Tax credit on exercise of options	-	-	18
Deferred tax on revaluation movement	-	-	(466)
	280	(236)	896
Total comprehensive income for the financial period	4,956	4,165	9,773

Consolidated Balance Sheet

	As at 30 June 2023 £'000 Unaudited	As at 30 June 2022 £'000 Unaudited	As at 31 December 2022 £'000 Audited
Assets			
Non-current assets			
Intangible assets	**24,617**	19,655	25,291
Property, plant and equipment	**65,004**	63,738	65,932
	89,621	83,393	91,223
Current assets			
Inventories	**10,685**	9,031	9,684
Trade and other receivables	**15,380**	12,026	11,801
Corporation tax receivable	**-**	272	-
Cash and cash equivalents	**11,794**	9,926	10,598
Total current assets	**37,859**	31,255	32,083
Total assets	**127,480**	114,648	123,306
Liabilities			
Current liabilities			
Trade and other payables	**19,752**	13,869	15,860
Lease liabilities	**493**	401	761
Corporation tax payable	**1,360**	-	1,159
Total current liabilities	**21,605**	14,270	17,780
Non-current liabilities			
Lease liabilities	**581**	523	523
Deferred tax liabilities	**15,815**	14,542	16,034
	16,396	15,065	16,557
Total liabilities	**38,001**	29,335	34,337
Net assets	**89,479**	85,313	88,969
Equity attributable to equity holders			
Share capital	**19,181**	19,178	19,181
Share premium account	**16,724**	16,724	16,724
Other reserves	**22,229**	21,967	21,435
Retained earnings	**31,345**	27,444	31,629
Total equity	**89,479**	85,313	88,969

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 2022	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
Shares issued in the period	8	23	-	-	31
Share based payment	-	-	508	-	508
Released on maturity of options	13	-	(68)	55	-
Purchase of own shares	-	-	-	(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
Profit for the period	-	-	-	4,476	4,476
Currency difference	-	-	(21)	-	(21)
Revaluation deficit	-	-	(1,115)	-	(1,115)
Revaluation surplus	-	-	2,716	-	2,716
Tax credit on exercise of options	-	-	18	-	18
Deferred tax on revaluation	-	-	(466)	-	(466)
Total comprehensive income	-	-	1,132	4,476	5,608
Opening adjustment	-	-	(10)	-	(10)
Share based payment	-	-	472	-	472
Purchase of own shares	-	-	-	(300)	(300)
Release on maturity of options	3	-	(1,593)	10	(1,580)
Deferred tax on share options	-	-	(533)	-	(533)
Dividend payable	-	-	-	2,370	2,370
Dividend paid	-	-	-	(2,371)	(2,371)
As at 31 December 2022	**19,181**	**16,724**	**21,435**	**31,629**	**88,969**
Profit for the period	**-**	**-**	**-**	**4,676**	**4,676**
Currency difference	**-**	**-**	**280**	**-**	**280**
Total comprehensive income	**-**	**-**	**280**	**4,676**	**4,956**
Share based payment	**-**	**-**	**548**	**-**	**548**
Released on exercise of options	**-**	**-**	**(34)**	**-**	**(34)**
Purchase of own shares	**-**	**-**	**-**	**(967)**	**(967)**
Dividends paid	**-**	**-**	**-**	**(1,229)**	**(1,229)**
Dividends payable	**-**	**-**	**-**	**(2,764)**	**(2,764)**
As at 30 June 2023	**19,181**	**16,724**	**22,229**	**31,345**	**89,479**

Consolidated Statement of Cash Flows

	6 months ended £'000 30 June 2023 Unaudited	6 months ended £'000 30 June 2022 Unaudited	12 months ended £'000 31 December 2022 Audited
Net cash generated by operations	**7,596**	8,003	19,649
Taxation paid	**(1,235)**	(1,252)	(1,655)
Net cash generated by operating activities	**6,361**	6,751	17,994
Cash flows from investing activities			
Purchase of property, plant and equipment	**(2,205)**	(1,682)	(3,028)
Proceeds from sale of land	**1,068**	-	-
Acquisition	**-**	-	(6,073)
Net cash used in investing activities	**(1,137)**	(1,682)	(9,101)
Cash flows from financing activities			
Interest received/(paid)	**33**	(93)	(214)
Repayment of interest bearing liabilities	**-**	(785)	(785)
Lease payments	**(313)**	(383)	(721)
Settlement for cancelled share options	**(1,798)**	-	-
Proceeds of share issue	**-**	31	31
Purchase of own shares	**(1,001)**	(1,240)	(1,540)
Dividends paid	**(1,229)**	(905)	(3,276)
Net cash used in financing activities	**(4,308)**	(3,375)	(6,505)
Net increase in cash and cash equivalents	**916**	1,694	2,388
Cash and cash equivalents at beginning of period	**10,598**	8,467	8,467
Foreign exchange differences	**280**	(235)	(257)
Cash and cash equivalents at end of period	**11,794**	9,926	10,598
Cash and cash equivalents comprise:			
Cash at bank and in hand	**11,794**	9,926	10,598

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 2023. 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 2022 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 2023 and 30 June 2022 is unaudited.

3. EARNINGS PER SHARE

The calculation of earnings per share is based on a profit of £4,676,000 (six months ended 30 June 2022 –£4,401,000; 12 months ended 31 December 2022–£8,877,000) and 93,516,114 (at 30 June 2022 94,777,398 and 31 December 2022, 94,467,688) being the weighted average number of ordinary shares in issue, excluding those held in the employee benefit trust.

Diluted

At 30 June 2023 there were 2,779,140 (June 2022: 3,040,424, and at 31 December 2022: 1,976,771) dilutive shares under option leading to 96,295,254 shares (30 June 2022: 97,817,822, and at 31 December 2022: 96,444,459) 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 2023 1,275,465 (six months ended 30 June 2022 – 1,048,836; 12 months ended 31 December 2022 – 1,335,114) 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 2023 was £1.2m (six months ended 30 June 2022; £1.0m). All 1,275,465 shares held by the EBT were acquired by the trust prior to the period and 59,649 shares were used in the period to satisfy awards following the vesting of shares relating to Company share incentive schemes.

Following the announcement of a share buyback programme, 1,112,000 shares had been bought up to the 30 June 2023 and are held in treasury and excluded from the weighted average share calculations and the dividends on these shares have been waived.