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

AVON PROTECTION PLC

INTERIM RESULTS FOR THE 26-WEEK PERIOD ENDED 30 MARCH 2024

STRONG FIRST HALF, TRANSFORMATION GAINING MOMENTUM

	30 March 2024	1 April 2023 (restated) [1]	Change (constant currency)[4]
Group			
Orders received	$190.3m	$125.4m	50.3%
Closing order book	$199.0m	$144.7m	37.1%
Revenue	$127.1m	$101.6m	24.2%
Adjusted[2] operating profit	$11.9m	$8.9m	40.0%
Adjusted[2] profit before tax	$8.8m	$5.7m	66.0%
Adjusted[2] basic earnings per share	22.3c	15.3c	59.3%
Interim dividend per share	7.2c	14.3c	(49.7%)
Net debt excluding lease liabilities	$57.3m	$71.8m	(20.2%)
Statutory results			
Operating profit[3] from continuing operations	$2.6m	$3.9m	
(Loss)/profit before tax from continuing operations	$(1.5)m	$0.3m	
Basic loss per share from continuing operations	(3.7c)	(11.4c)	
Net debt	$76.5m	$94.9m	

Record $199m order book

- Significant strategic wins and orders in the first half and since H1 period end, including:
  - New contract award worth up to £38m for the UK MoD General Service Respirator and filters
  - New rebreather contract from the German Navy
  - US DOD $14m ACH (Advanced Combat Helmet) GEN II order
  - $36m Next Generation IHPS (Integrated Head Protection System) delivery order from the US Army

Transformation on track - excellent strategic progress

- IHPS successfully reached full run rate for delivery orders
- Consolidation of helmet manufacturing sites progressing as planned:
  - Building production capacity for DOD programmes in Cleveland, Ohio
  - First lot of ACH Gen II helmets finished in Cleveland and approved by DCMA[5] for ballistic testing
  - EPIC helmet finishing in Cleveland successfully ramped up to meet customer demand

Group operational KPIs improving

- 23% productivity improvement[6] vs H1 2023

- 45% reduction in scrap[6] across all factories vs H1 2023
- Group inventory turns[6] increased 37% to 3.11x (H1 2023: 2.27x)

Gaining momentum
- On track to meet medium term goals set out in Capital Markets Day
- Continuous Improvement results so far give us confidence we can achieve or exceed our operational targets

Confident in the outlook for H2, issuing updated FY 2024 guidance:
- Revenue growth c.10%
- Adjusted operating profit margin 10%
- Transformation investment c.$15m
- Cash conversion over 100%
- Net debt: EBITDA <1.5x, new $137m financing facility successfully agreed

Jos Sclater, Chief Executive Officer, commented:
"We are making excellent progress towards our medium-term goals and are increasingly excited by the growing momentum in our transformation programme. The results in H1 demonstrate that our strategy is working and pace is increasing, though we still have a lot to do. The work we have done so far to drive improvement has revealed further opportunities for operational improvement; this reinforces our confidence that we will deliver our medium-term goals.

"We are seeing a growing awareness of the importance of high-quality protection against chemical warfare and head injury. In particular, Russia's deployment of chemical weapons in Ukraine has highlighted the need for effective respiratory protection. As the leading supplier of mission-critical head and respiratory protection to the US Department of Defence and other NATO countries, we are well positioned to help protect the people who are protecting us.

"More broadly, I am very pleased that we now have a much stronger business that is delivering on major programmes and is improving fast. We have moved quickly into execution phase of our STAR strategic plan and are already seeing productivity improvement, new contract wins and further innovation to revolutionise our world leading product portfolio."

For further enquiries, please contact:

Avon Protection plc

Jos Sclater, Chief Executive Officer	+44 1225 896 848
Rich Cashin, Chief Financial Officer	
Gabby Colley, Corporate Affairs Director	+44 7891 206 239

Powerscourt

James White	avonprotection@powerscourt-group.com
Maxim Hibbs	+44 7855 432 699

Analyst and investor webcast

Jos Sclater, Chief Executive Officer, and Rich Cashin, Chief Financial Officer, will host a presentation for analysts and investors at 9.00am this morning, at Peel Hunt, 100 Liverpool Street, EC2M 2AT. The presentation will also be broadcast live at: https://brrmedia.news/AVON_HY_24

To attend in person please contact: avonprotection@powerscourt-group.com

Legal Entity Identifier: 213800JM1AN62REBWA71

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

Notes

[1] At 30 September 2023 Armour operations were fully closed. Armour has therefore been classified as a discontinued operation, including restatement of prior period comparatives.

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

[3] Reported HY24 operating profit includes $3.1 million amortisation of acquired intangibles and transformation costs of $6.2 million. See adjusted performance section for full breakdown of adjustments and comparatives.

[4] Constant currency measures are provided in note 2.1.

[5] US Defense Contract Management Agency

[6] Productivity improvement is measured as revenue / direct headcount, scrap is measured as scrap value / revenue and inventory turns is measured as cost of sales / inventory. Full calculations are provided in note 2.1.

About Avon Protection plc:

We are a world leader in protective equipment, with a reputation for innovative design, high quality and specialist materials expertise.

Our two businesses, Avon Protection and Team Wendy, supply our respiratory and head protection portfolio to customers across the globe from our manufacturing sites in the UK and North America.

With over 900 talented people, our shared purpose and core beliefs are to be #FIERCE about Protecting Lives. It's why we come to work – and it's what motivates us, every day, to do the best work we can.

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

As a reminder, following a rebranding exercise carried out in H2 2023, the previously reported operating segments of Respiratory Protection and Head Protection will now be referred to as their trading business names: Avon Protection and Team Wendy respectively throughout this document.

CEO REVIEW

Financial Summary

We made an excellent start to 2024 with strong order intake up 50% driven by U.S. DOD & NSPA (NATO Support & Procurement Agency) orders in Avon Protection and IHPS and ACH Gen II helmets in Team Wendy. This resulted in our highest ever closing order book of $199m. The order pipeline is also increasingly positive, with a strong degree of recurring business alongside some large one-off opportunities that we are pursuing, but not counting on.

We continue to operate in strong and growing markets, and the current geo-political situation is increasing the need for the unparalleled protection that our products provide. Within Avon Protection, the threat of the use of chemical or biological agents has increased and most recently we have seen the U.S. State Department formally accuse Russia of using chemical weapons "as a method of warfare" against Ukrainian troops. In Team Wendy, we continue to operate in very supportive markets with ongoing replacement of aging helmet fleets.

Group revenue, at constant currency, grew 24% to $127.1m, predominantly driven by strong growth in deliveries of Team Wendy Next Generation IHPS and ACH Gen II helmets to the U.S. DOD. Avon Protection saw a slight decline in revenue reflecting the lack of U.S. DOD filter sales following our shipment of two years-worth of orders in FY23, and a lower volume of U.S. mask shipments, partially offset by NSPA mask deliveries and initial rebreather deliveries to the German Navy.

Adjusted operating profit increased by 40% at constant currency, delivering an adjusted operating margin of 9.4% (H1 2023: 8.8%). We saw a slight decline in margin in Avon Protection due to:

- Nearly doubling inventory turns from 2.5 to nearly 5 turns. This meant that some $1.8m of overhead unwound from the balance sheet, adversely impacting H1 margin but the improvement in inventory turns converted $23m of stock into cash.
- Expensed R&D costs running $0.5m higher than H1 2023 reflecting our higher internal threshold for capitalisation of development programmes.

Our work to improve operational gearing in Team Wendy, pricing reviews across the Group and cost savings within Avon Protection and the Corporate Centre partly offset this.

Adjusted basic EPS increased by 59% at constant currency vs H1 2023. Net debt excluding lease liabilities reduced from $71.8 million to $57.3m in the period, resulting in a significant decrease in our bank leverage ratio to 1.69 times net debt:EBITDA (HY23: 2.58 times).

During the half we successfully refinanced our revolving credit facility for a further three years plus two option years, comfortably ahead of the deadline of September this year. The new facility is for $137m plus a $50m accordion, and has been secured on new, more favourable terms.

Excellent Strategic Progress

Our STAR strategy was launched in 2023 and set out the strategic priorities required to achieve our medium-term goals of 5% revenue CAGR, adjusted operating profit margins of 14-16%, ROIC of more than 17% and cash conversion of 80-100%:

Strengthen – Create the platform for superb execution: The strengthen stage has worked well. We now have much more capability to deliver our strategy, with more accountability, more pace and more consistency. Furthermore, we now have much more reliable delivery to our customers on our major programmes.

Transform – Reduce costs, improve working capital turns and drive operational efficiency: Our transformation programme has now progressed into the execution stage. Importantly, we have made good progress building the case for change and have pushed through most of the internal resistance. As a result, momentum is increasing.

Advance – Organically grow the core and scale up emerging opportunities: We have seen record levels of order intake and have a strong pipeline of opportunities. Our win rate is excellent, giving us confidence that we have the right products to enable heroes to survive and thrive.

Revolutionise – Leverage innovation to drive further growth: Now that the Group is performing more strongly, we are increasing our focus on long term growth and are very pleased with the opportunities we see to develop cutting edge new products with both the UK MoD and the U.S. DOD.

Strengthen

The strengthen part of the strategy is now largely complete. We have the right organisational and leadership structure and a strong, highly motivated team.

We moved quickly to right-size Avon Protection, which has resulted in a much stronger business able to deliver strong margins and cash flow without counting on large one-off orders. In Team Wendy, we have improved our reliability of delivery to our customers. This provides the foundation from which we can drive productivity improvement.

The quality of our management of complex programmes has also increased substantially, reducing risk and increasing the likelihood that we will achieve or exceed our medium-term goals.

Transform

The transformation team is now largely at full strength and there has been a step change in the quality of programme management, which supports our view that we will achieve our medium-term goals.

Total investment for transformation programs in execution is accelerating, which has resulted in a pull forward of planned transformation investment in FY24 to c.$15m.

During the first half we found some additional opportunities which look to have strong payback potential to add into our transformation funnel; these are currently in the appraisal and planning stages. These projects would involve some additional cost but could potentially accelerate achievement of our medium-term goals.

Our current transformation programmes are all tracking on plan with good progress made in H1:

Workstream	Goals	Progress in H1
Footprint Optimisation	50% improvement in revenue/sq ft 10ppts improvement in Team Wendy gross margin	The project to consolidate helmet manufacturing is progressing well and on track for completion in the middle of the 2025 calendar year. We have achieved some notable milestones such as the DCMA approval of the first ACH Gen II lot finished in our Cleveland factory for ballistic testing, the successful ramp up of EPIC finishing in Cleveland. and the moving of one of our large presses from California to Salem.
Operational Excellence	25% productivity improvement 60% scrap improvement Inventory turns >5	We've seen some dramatic improvements in our operational KPIs in Avon Protection with an almost doubling of inventory turns and a 44% increase in productivity half on half. We still see opportunities to improve Avon Protection's operations further, particularly by introducing operational flow into our UK factory, but are very pleased with progress. In Team Wendy, we have launched a new project to introduce flow to all four helmet lines in our Cleveland factory. As part of this project, we have re-laid out all four lines and have an 18-month plan to transform the entire factory. We see more opportunity in this workstream than we originally assumed in our transformation plan. This increases our confidence that we will achieve our medium-term margin targets.
Functional Excellence	Roll out of SBU functions	We have completed the restructuring of the finance function, saving $1m per annum on a recurring basis. We are now moving our attention onto how we develop our people to build capability and bench strength.
Commercial Optimisation	Complete screening of product portfolio – identifying potential improvements	We have reviewed the portfolio with a view to ensuring the value we deliver is reflected in our pricing. As a result, we have reviewed prices, particularly in product categories that have historically been under managed.

Operational KPIs improving

There are four operational metrics which are very important to us:

1) Productivity, which is revenue per direct factory labour;
2) Scrap rates as a percentage of revenue;
3) Inventory turns; and
4) On time delivery to the customer.

At our Capital Markets Day in February 2024, we set targets of a 25% productivity increase, 60% scrap reduction and inventory turns of over 5 in the medium-term. We want to achieve this whilst retaining excellent on time delivery to our customers.

Half on half, at a group level, productivity has improved 23%, scrap has reduced 45% and inventory turns has improved by 37%. Whilst we are very pleased with progress, it is only one year since we launched the new strategy. There is much more we can do.

Advance

Avon Protection

In Avon Protection, we are seeing the order pipeline strengthen, largely driven by demand under the NSPA contract and increased demand for masks from the DOD. The relationship with the U.S. DOD continues to strengthen. The DOD exercised its option to extend the M53A1 contract in the first half, providing a vehicle for them to buy further M53A1 tactical masks until March 2025, with one further one-year extension available whilst a new contract is negotiated.

We also recently won the contract for the General Service Respirator for the UK MoD. This is a four-year contract with five option years. This win is important to us because it cements our position as the sovereign UK CBRN expert and provides the foundation for us to work the with UK MoD to keep enhancing the GSR mask and filters.

In the commercial and international sectors, demand in the U.S. has been solid, demand under the NSPA contract has been encouraging and we won a seven-year framework contract with the Swedish Police.

Our rebreather continues to be the system of choice across NATO, with the important win from the German Navy which will be followed up with spares, consumables and training. We have further rebreather opportunities in the pipeline and remain of the view that we have a technological advantage over our competitors which improves diver safety and mission effectiveness.

Looking forward, we are excited to launch the Modular Integrated Tactical Respirator (MITR) mask and are focusing on ramping up production of rebreathers and boots and gloves.

Team Wendy

In Team Wendy, the order book remains very strong. Our focus is on successfully delivering on existing programmes.

We continue to deliver excellent quality helmets to the DOD. NG IHPS deliveries are now on a steady cadence with no lot failures and the first two lots of ACH Gen II were delivered ahead of schedule. This has no doubt contributed to further orders in the half of $36m for NG IHPS and $14m for ACH Gen II. We also saw strong ongoing demand in the half for pads and bump helmets from within the DOD.

Looking forward, we are working with the DOD to agree a new comfort pad system for NG IHPS and are focused on reaching run rate on ACH Gen II. We are also working on launching new bump and rifle helmets in the medium term and expanding internationally.

Revolutionise

Whilst we are very excited about the short- and medium-term opportunities, we continue to invest in the long term.

Within Avon Protection we have been down-selected on three DOD development programmes and have now received our first order for ensemble (suits, boots and gloves). Our strong relationship with the DOD and technical leadership has led to three new DOD funded programmes and our co-funded programmes to deliver a next generation of filters which will provide enhanced protection are progressing well.

In Team Wendy we are already using hybrid tooling to increase production capacity of the ACH Gen II and EPIC helmets and further R&D is being invested in next generation pad and liner systems to help prevent traumatic brain injury.

Outlook - Gaining momentum

We are increasingly confident that Avon is well positioned to deliver exceptional value to shareholders. In the first half of this year we have demonstrated:

- Our platform for superb execution is in place. The changes made to the organisation, people and processes have enabled us to successfully ramp up NG IHPS production and deliver the first ACH Gen II lots ahead of the competition.
- We have reported a record closing order book with a number of strategic wins in the first half.
- Our transformation is on track, our operational KPIs are improving and the pace of change is accelerating.
- We remain the leading supplier of CRBN protection and helmets to the U.S. DOD and continue our sole source position on masks and filters to the UK MoD.
- And finally, our markets continue to grow, providing further opportunities for our world leading products.

We are making excellent progress and are increasingly excited by the opportunities we are finding which gives us confidence to update our guidance for FY24 and to re-confirm our medium-term goals.

FINANCIAL REVIEW

We have seen a strong start to the year, with order intake up more than 50% resulting in a record closing order book of $199.0 million (HY23: $144.7 million), a 47% increase since the start of this financial year. Following the successful ramp up of the NG IHPS helmet programme in the second half of last year, and initial deliveries of ACH Gen II helmets made ahead of expectations, revenue for the group has increased by 24.2% on a constant currency basis to $127.1 million (HY23: $101.6 million). Adjusted operating profit margin increased to 9.4% (HY23: 8.8%) with significant improvement in Team Wendy more than offsetting a small decline in the Avon Protection business even after the dilution effect of a greater proportion of lower margin Team Wendy sales ahead of the benefits of our transformation programmes.

26 weeks ended:	30 March 2024	1 April 2023 (restated) [1]	Change	Change (constant currency)[3]
Continuing operations [1]				
Orders received	$190.3m	$125.4m	51.8%	50.3%
Closing order book	$199.0m	$144.7m	37.5%	37.1%
Revenue	$127.1m	$101.6m	25.1%	24.2%
Adjusted[2] operating profit	$11.9m	$8.9m	33.7%	40.0%
Adjusted[2] operating profit margin	9.4%	8.8%	60bps	110bps
Adjusted[2] net finance costs	$(3.1)m	$(3.2)m	(3.1%)	(3.1%)
Adjusted[2] profit before tax	$8.8m	$5.7m	54.4%	66.0%
Adjusted[2] taxation	$(2.1)m	$(1.1)m		
Adjusted[2] profit after tax	$6.7m	$4.6m		
Adjusted[2] basic earnings per share	22.3c	15.3c	45.8%	59.3%
Interim dividend per share	7.2c	14.3c	(49.7%)	
Net debt excluding lease liabilities	$57.3m	$71.8m	(20.2%)	
Cash conversion[2]	155.4%	(91.2)%		
Return on invested capital[2]	9.7%	10.2%		
Statutory results				
Operating profit from continuing operations[3]	$2.6m	$3.9m		
Net finance costs	$(4.1)m	$(3.6)m		
(Loss)/profit before tax from continuing operations	$(1.5)m	$0.3m		
Taxation	$0.4m	$-		
(Loss)/profit after tax from continuing operations	$(1.1)m	$0.3m		
Loss from discontinued operations	$-	$(3.7)m		
Loss for the period	$(1.1)m	$(3.4)m		
Basic loss per share	(3.7c)	(11.4c)		
Net debt	$76.5m	$94.9m		

1 At 30 September 2023, Armour operations were fully closed. Armour has therefore been classified as a discontinued operation, including restatement of prior period comparatives.

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

3 Constant currency measures are provided in the Adjusted Performance Measures section.

Order intake for the Group of $190.3 million (HY23: $125.4 million) was up 51.8% (50.3% constant currency). Team Wendy order intake grew by 139.6%, predominantly from the U.S. DOD with $36 million of NG IHPS and $14 million of ACH Gen II orders received in the first half. Avon Protection order intake was up 5.7%, with notable orders including the previously announced German Navy contract for our rebreathers, and with the Swedish Police Authority for our C50 mask and MP-PAPR powered air system.

The closing order book of $199.0 million reflects an increase of 37.5% (37.1% constant currency) compared to HY23. Team Wendy closed the half with $143.5 million in the order book, an increase of 102.7%, which includes $75 million of orders for NG IHPS and $41 million for ACH Gen II. The Avon Protection closing order book of $55.5 million is a decrease of 24.9% reflecting the successful delivery of the Middle Eastern mask contract and U.S. DOD filters during H2 2023.

Revenue for the Group totalled $127.1 million, an increase of 25.1% (24.2% constant currency) compared to the prior year of $101.6 million, due to the growth in the Team Wendy business.

Team Wendy revenue totalled $59.8m, an increase of 80.7% over the first half of 2023. This is as a result of full run-rate of NG IHPS helmets deliveries from the start of the year and commencement of ACH Gen II helmet deliveries ahead of schedule. U.S. DOD revenue increased by 339.8% to $36.5 million (HY23: $8.3 million). Commercial Americas revenue was flat half on half, and U.K. & International revenue declined slightly by 11.8%.

Avon Protection delivered revenue of $67.3 million in the first half, a decline of 1.8% compared to HY23 revenue of $68.5 million. We saw a large decline in sales to the U.S. DOD, primarily as the result of delivering 2 years' worth of M61 filter demand during 2023, although there was also a decrease in mask and accessories revenue compared to the first half of 2023. The decline in U.S. DOD sales was partially offset by a large increase in sales within the U.K. & International market following strong sales of masks and accessories as part of the NSPA contract, and the first shipment of 30 rebreathers to the German Navy as part of the contract announced earlier in the year. Commercial Americas revenue increased by 28.8%, driven by increased sales of masks and supplied air systems.

Adjusted operating profit of $11.9 million (HY23: $8.9 million) increased by 33.7%, resulting in an adjusted operating profit margin of 9.4% (HY23: 8.8%), up 60bps (110bps constant currency). Team Wendy benefited from the operational gearing effects of very strong growth in revenue, with the benefits of transformation initiatives driving cost savings in Avon Protection and corporate centre.

Statutory operating profit from continuing operations of $2.6 million (HY23: $3.9 million) reflected exceptional items in the period which are summarised below.

The Adjusted Performance Measures section contains a full breakdown and explanation of adjustments.

	HY24 $m	HY23 $m
Statutory operating profit	2.6	3.9
Amortisation of acquired intangibles	3.1	3.1
Impairment of goodwill and other non-current assets	-	0.7
Transformational and restructuring costs	6.2	1.2
Adjusted operating profit	11.9	8.9

After adjusted net finance costs of $3.1 million (HY23: $3.2 million) and an adjusted tax charge of $2.1 million (HY23: $1.1 million), the Group recorded an adjusted profit for the period after tax of $6.7 million (HY23: $4.6 million). Adjusted basic earnings per share grew to 22.3 cents (HY23: 15.3 cents).

Return on invested capital, calculated on a rolling 12-month basis, was 9.7% (HY23: 10.2%), reflecting lower adjusted operating profit in H2 2023 compared to H2 2022.

Statutory net finance costs of $4.1 million (HY23: $3.6 million) include $1.0 million (HY23: $0.4 million) net interest expense on the U.K. defined benefit pension scheme liability.

Statutory loss before tax from continuing operations was $1.5 million (HY23: profit of $0.3 million) and, after a tax credit of $0.4 million (HY23: $nil charge), the loss for the period from continuing operations was $1.1 million (HY23: profit of $0.3 million).

Transformation costs

	HY24 $m
Footprint optimisation [1]	4.8
Operational excellence	0.4
Commercial optimisation	0.0
Functional excellence	0.8
Programme management excellence	0.2
Total transformation costs	**6.2**

[1] Including $0.8m for acceleration of amortisation charges related to legacy ERP systems.

Investment in the transformation initiatives within the STAR strategy has been ahead of our expectations and those set out with the FY23 results, with an acceleration of costs associated with footprint optimisation efforts within the Team Wendy business following the plans announced earlier this year to consolidate our Irvine, California facility into our other Team Wendy sites. As a result, we now expect transformational costs for FY24 to total c. $15m (including $1-2m of capital expenditure), but total investment in FY24 and FY25 related to the projects identified last year remains unchanged.

Segmental performance

Following a rebranding exercise carried out in H2 2023, the previously reported operating segments of Respiratory Protection and Head Protection have been renamed to Avon Protection and Team Wendy respectively.

	HY24			HY23		
$m	Avon Protection	Team Wendy	Total	Avon Protection	Team Wendy	Total
Orders received	87.0	103.3	190.3	82.3	43.1	125.4
Closing order book	55.5	143.5	199.0	73.9	70.8	144.7
Revenue	67.3	59.8	127.1	68.5	33.1	101.6

Adjusted operating profit	11.1	0.8	11.9	13.6	(4.7)	8.9
Adjusted operating profit margin	16.5%	1.3%	9.4%	19.9%	(14.2%)	8.8%

Avon Protection continues to deliver strong operating profit margin, although they did decline by 340 bps to 16.5% compared to HY23 margins of 19.9%. Cost savings from the right-sizing and operational efficiency initiatives completed in the second half of last year were more than offset by the unwinding of inventory built up in H1 23 which was absorbing overhead costs onto the balance sheet, higher P&L R&D costs half-on-half reflecting the higher internal threshold for capitalisation of development programmes.

Team Wendy margins improved dramatically in the period, improving from a loss of 14.2% in HY23 to a profit margin of 1.3% in HY24. The majority of this improvement came from the operational gearing effects of the large revenue increase compared to last year reflecting a full first half of NG IHPS deliveries and the earlier than expected commencement of ACH Gen II shipments. There is a still a long way to go to bring the profitability of Team Wendy up to our target levels. Even so, the latest margin improvement estimates from the site consolidation and other operational efficiency initiatives continue to provide confidence in our original expectations.

Research and development expenditure

Total investment in research and development (capitalised and expensed) was $5.2 million (HY23: $5.1 million), in line with the prior period. Excluding amortisation, we have seen an increase in costs expensed to the P&L, with significantly lower levels of capitalisation.

Continuing operations	HY24 $m	HY23 (restated)[1] $m
Total expenditure	5.2	5.1
Less customer funded	(0.7)	(0.6)
Group expenditure	4.5	4.5
Capitalised	(0.3)	(2.2)
Income statement impact	4.2	2.3
Amortisation of development expenditure	1.6	2.5
Total income statement impact	5.8	4.8
Revenue	127.1	101.6
Total R&D expenditure as a % of revenue	4.1%	5.0%

[1] Comparatives for revenue and percentage spend for the 26 weeks to 1 April 2023 have been restated to reflect the discontinuation of the Armour business.

Avon Protection expenditure has primarily focused on completing the development of MITR, whilst Team Wendy expenditure continued to centre around NG IHPS and ACH Gen II helmet development.

Net debt and cash flow

	HY24 $m	HY23 (restated)[1] $m
Adjusted continuing EBITDA	17.7	15.9
Share-based payments and defined benefit pension scheme costs	1.5	1.2
Working capital	8.3	(31.6)
Cash flows from continuing operations before exceptional items	27.5	(14.5)
Transformational and restructuring costs paid	(4.1)	(1.2)
Cash flows from continuing operations	23.4	(15.7)
Cash flows from discontinued operations	4.9	2.7
Cash flow from operations	28.3	(13.0)
Payments to pension plan	(6.3)	-
Net finance costs	(2.7)	(2.9)
Net repayment of leases	(1.7)	(1.1)
Tax (paid)/received	(0.1)	3.9
Capital expenditure	(5.7)	(4.9)
Discontinued operation financing cash flows	-	(0.5)
Dividends to shareholders	(4.6)	(9.1)
Change in net debt	7.2	(27.6)
Opening net debt, excluding lease liabilities	(64.5)	(44.2)
Closing net debt, excluding lease liabilities	(57.3)	(71.8)

[1] The comparatives for the 26 weeks to 1 April 2023 have been restated to reflect the discontinuation of the Armour business.

Cash flows from continuing operations before exceptional items were $27.5 million (HY23: $14.5 million outflow) with the movement principally due to working capital inflows of $8.3 million, compared to outflows of $31.6 million in the prior period. This was driven principally by improving inventory turns and the achievement of a steady run-rate of NG IHPS deliveries.

Dividends were $4.6 million (HY23: $9.1 million), reflecting the rebased level of distribution under the revised capital allocation policy announced in FY23.

Net debt was $76.5 million (HY23: net debt $95.0 million), which includes lease liabilities of $19.2 million (FY23: $23.2 million). Excluding lease liabilities, net debt was $57.3 million (HY23: net debt $71.8 million).

Defined benefit pension scheme

The Group operated a contributory defined benefits plan to provide pension and death benefits for the employees of Avon Protection plc and its Group undertakings in the U.K. employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately 11 years. The net pension liability for the scheme amounted to $50.7 million as at 30 March 2024 (FY23: $40.2 million). The increase results from the adoption of a lower discount rate assumption reflecting reduced corporate bond yields. The increased accounting deficit does not impact the cash funding requirements of the scheme, which are driven by the repayment schedule determined as part of the triennial valuation.

Contributions in respect of scheme expenses and deficit recovery plan payments in the period were $6.3 million in accordance with the deficit recovery plan agreed last year following the 31 March 2022 actuarial valuation. (FY23: $nil, due to contributions having been prepaid in FY22). The Group will make payments in the second half of 2024 of £2.1 million, FY25 of £4.3 million and FY26 of £4.7 million in respect of deficit recovery and scheme expenses.

Foreign exchange risk management

The Group is exposed to translational foreign exchange risk arising when the results of sterling denominated companies are consolidated into the Group presentational currency, U.S. dollars. Group policy is not to hedge translational foreign exchange risk. Due to the translational effect, a 1 cent increase in the value of the U.S. dollar against sterling would have decreased revenue by approximately $0.1 million and increased operating profit by approximately $0.1 million for HY24.

Financing and interest rate risk management

On 14 May 2024, the Group signed a new $137m RCF, together with a $50m accordion replacing the previous facility. The new RCF was agreed with a syndicate of four lenders and is available until May 2027, with two further one-year extension options taking it out to May 2029.

RCF borrowings are floating rate priced using the U.S. Secured Overnight Financing Rate (SOFR). The Group hedges interest rate exposure using swaps to fix a portion of SOFR floating rate interest. The notional value of active interest rate swaps at 30 March 2024 was $30.0 million (FY23: $30.0 million), expiring on 8 September 2025. The Group also has additional interest rate swaps in place with a notional value of $20.0 million starting on 8 September 2025 and expiring on 8 September 2026 (FY23: $20.0 million). The financial value of interest rate swaps at 30 March 2024 was $0.6 million (FY23: $0.9 million), an asset position as hedged fixed rates are lower than current market forecasts for SOFR.

Dividends

The Board has proposed an interim dividend of 7.2 cents per share (HY23: 14.3 cents), rebasing distributions in-line with the revised capital allocation policy as set out with the FY23 results. This interim dividend will be paid on 6 September 2024 to shareholders on the register at 9 August 2024 with an ex-dividend date of 8 August 2024. The interim dividend will be converted into pounds sterling for payment at the prevailing exchange rate which will be announced prior to payment.

Jos Sclater
Chief Executive Officer
21 May 2024

Rich Cashin
Chief Financial Officer
21 May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

Miles Ingrey-Counter
Company Secretary
21 May 2024

FORWARD-LOOKING STATEMENTS

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

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

COMPANY WEBSITE

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

Independent Review Report to Avon Protection plc

Conclusion

We have been engaged by Avon Protection plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 30 March 2024 which comprises Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 30 March 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

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

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

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

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

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

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

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Paul Glendenning

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square,

London,

E14 5GL

21 May 2024

Consolidated Statement of Comprehensive Income for the 26 weeks ended 30 March 2024

		26 weeks to 30 March 2024			26 weeks to 01 April 2023 (restated) [1]		
		Adjusted $m	Adjustments $m (Note 2.1)	Total $m	Adjusted $m	Adjustments $m (Note 2.1)	Total $m
	Note						
Continuing operations							
Revenue	2.2	127.1	-	127.1	101.6	-	101.6
Cost of sales		(80.9)	-	(80.9)	(63.5)	-	(63.5)
Gross profit		46.2	-	46.2	38.1	-	38.1
Sales and marketing expenses		(6.0)	-	(6.0)	(6.9)	-	(6.9)
Research and development costs		(5.8)	-	(5.8)	(4.8)	-	(4.8)
General and administrative expenses		(22.5)	(9.3)	(31.8)	(17.5)	(5.0)	(22.5)
Operating profit/(loss)		11.9	(9.3)	2.6	8.9	(5.0)	3.9
Net finance costs	4.3	(3.1)	(1.0)	(4.1)	(3.2)	(0.4)	(3.6)
(Loss)/profit before taxation		8.8	(10.3)	(1.5)	5.7	(5.4)	0.3
Taxation	2.5	(2.1)	2.5	0.4	(1.1)	1.1	-
(Loss)/profit for the period from continuing operations		6.7	(7.8)	(1.1)	4.6	(4.3)	0.3
Discontinued operations							
Loss from discontinued operations	2.3	-	-	-	-	(3.7)	(3.7)
(Loss)/profit for the period		6.7	(7.8)	(1.1)	4.6	(8.0)	(3.4)

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect reclassification of selling and distribution costs and the discontinuation of the Armour business. These are disclosed in note 5.5.

Consolidated Statement of Comprehensive Income for the 26 weeks ended 30 March 2024 (Continued)

	Note	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
Loss for the period		(1.1)	(3.4)
Other comprehensive income/(expense)			
Items that are not subsequently reclassified to the income statement			
Remeasurement loss recognised on retirement benefit scheme	5.2	(13.5)	(8.3)
Deferred tax relating to retirement benefit scheme		2.3	2.1
Items that may be subsequently reclassified to the income statement			
Cash flow hedges		(0.4)	(0.1)
Net exchange differences offset in reserves		(0.5)	0.3
Other comprehensive expense for the period		(12.1)	(6.0)
Total comprehensive expense for the period		(13.2)	(9.4)
Earnings per share (cents)			
Basic		(3.7c)	(11.4c)
Diluted		(3.7c)	(11.4c)
Earnings per share from continuing operations (cents)			
Basic		(3.7c)	1.0c
Diluted		(3.7c)	1.0c
Earnings per share from discontinued operations (cents)			
Basic		-	(12.4c)
Diluted		-	(12.4c)

Consolidated Balance Sheet

	Note	As at 30 March 2024 $m	As at 30 Sept 2023 $m
Assets			
Non-current assets			
Intangible assets	3.1	133.8	139.2
Property, plant and equipment	3.2	37.7	35.8
Finance leases	3.3	5.9	6.2
Deferred tax assets	2.5	37.7	40.1
Derivative financial instruments		0.3	0.6
		215.4	221.9
Current assets			
Inventories		56.4	54.4
Trade and other receivables		44.5	58.3
Derivative financial instruments		0.3	0.3
Cash and cash equivalents		11.2	13.2
		112.4	126.2
Liabilities			
Current liabilities			
Borrowings	4.1	4.3	4.3
Current tax payables		1.3	0.7
Trade and other payables		35.9	34.6
Provisions for liabilities and charges	5.1	4.0	0.4
		45.5	40.0
Net current assets		66.9	86.2
Non-current liabilities			
Borrowings	4.1	83.4	94.3
Deferred tax liabilities	2.5	-	6.2
Retirement benefit obligations	5.2	50.7	40.2
Provisions for liabilities and charges	5.1	5.7	8.0
		139.8	148.7
Net assets		142.5	159.4
Shareholders' equity			
Ordinary shares	4.4	50.3	50.3
Share premium account	4.4	54.3	54.3
Other reserves		(14.4)	(13.9)
Cash flow hedging reserve		0.4	0.8
Retained earnings		51.9	67.9
Total equity		142.5	159.4

Consolidated Cash Flow Statement

	Note	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated)[1] $m
Cash flow from operating activities			
Cash flow from continuing operations	5.3	23.4	(15.7)
Cash flow from discontinued operations	5.3	4.9	2.7
Cash flow from operations		28.3	(13.0)
Retirement benefit deficit recovery contributions	5.2	(6.3)	-
Tax (payments)/receipts		(0.1)	3.9
Net cash flow (used in)/from operating activities		21.9	(9.1)
Cash flow used in investing activities			
Purchase of property, plant and equipment	3.2	(5.1)	(2.1)
Capitalised development costs and computer software	3.1	(0.6)	(2.8)
Bank interest income	4.3	0.3	0.2
Finance lease interest		0.2	-
Finance lease capital receipts		0.5	-
Net cash used in investing activities		(4.7)	(4.7)
Cash flow used in financing activities			
Proceeds from loan drawdowns	4.2	17.5	42.0
Loan repayments	4.2	(26.7)	(9.0)
Finance costs paid in respect of bank loans and overdrafts	4.3	(2.9)	(2.7)
Finance costs paid in respect of leases	4.3	(0.3)	(0.4)
Repayment of lease liability		(2.2)	(1.1)
Dividends paid to shareholders	4.5	(4.6)	(9.1)
Financing cash flows used in discontinued operations		-	(0.5)
Net cash (used in)/from financing activities		(19.2)	19.2
Net (decrease)/increase in cash and cash equivalents		(2.0)	5.4
Cash and cash equivalents at beginning of the period		13.2	9.5
Cash and cash equivalents at end of the period		11.2	14.9

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

Consolidated Statement of Changes in Equity

	Note	Share capital $m	Share premium $m	Hedging reserve $m	Other reserves $m	Retained earnings $m	**Total equity $m**
At 01 October 2022		50.3	54.3	0.4	(14.2)	119.7	210.5
Loss for the period		-	-	-	-	(3.4)	(3.4)
Net exchange differences offset in reserves		-	-	-	0.3	-	0.3
Actuarial loss on retirement benefit scheme		-	-	-	-	(8.3)	(8.3)
Deferred tax relating to retirement benefit scheme		-	-	-	-	2.1	2.1
Interest rate swaps – cash flow hedge		-	-	(0.1)	-	-	(0.1)
Total comprehensive income for the period		-	-	(0.1)	0.3	(9.6)	(9.4)
Dividends paid	4.5	-	-	-	-	(9.1)	(9.1)
Fair value of share-based payments		-	-	-	-	0.8	0.8
At 01 April 2023		50.3	54.3	0.3	(13.9)	101.8	192.8
Profit for the period		-	-	-	-	(11.0)	(11.0)
Deferred tax relating to other temporary differences		-	-	-	-	(0.2)	(0.2)
Actuarial gain on retirement benefit scheme		-	-	-	-	(23.5)	(23.5)
Deferred tax relating to retirement benefit scheme		-	-	-	-	4.8	4.8
Deferred tax relating to change in tax rates		-	-	-	-	1.1	1.1
Interest rate swaps – cash flow hedge		-	-	0.5	-	-	0.5
Total comprehensive income for the period		-	-	0.5	-	(28.8)	(28.3)
Dividends paid	4.5	-	-	-	-	(4.3)	(4.3)
Fair value of share-based payments		-	-	-	-	(0.1)	(0.1)
Deferred tax relating to employee share schemes		-	-	-	-	(0.7)	(0.7)
At 30 September 2023		50.3	54.3	0.8	(13.9)	67.9	159.4
Loss for the period		-	-	-	-	(1.1)	(1.1)
Net exchange differences offset in reserves		-	-	-	(0.5)	-	(0.5)
Actuarial loss on retirement benefit scheme		-	-	-	-	(13.5)	(13.5)
Deferred tax relating to retirement benefit scheme		-	-	-	-	2.3	2.3
Interest rate swaps – cash flow hedge		-	-	(0.4)	-	-	(0.4)
Total comprehensive income for the period		-	-	(0.4)	(0.5)	(12.3)	(13.2)
Dividends paid	4.5	-	-	-	-	(4.6)	(4.6)
Fair value of share-based payments		-	-	-	-	0.9	0.9
At 30 March 2024		50.3	54.3	0.4	(14.4)	51.9	142.5

Other reserves consist of the capital redemption reserve of $0.6m (01 April 2023: $0.6m, 30 September 2023: $0.6m) and the translation reserve of ($15.0m) (01 April 2023: ($14.5m), 01 September 2023: ($14.5m)).

NOTES TO THE FINANCIAL STATEMENTS

Section 1: General Information and Basis of Preparation

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

This unaudited condensed consolidated interim financial information was approved for issue on 21 May 2024.

The financial period presents the 26 weeks ended 30 March 2024 (prior financial period 26 weeks ended 1 April 2023, prior financial period 52 weeks ended 30 September 2023).

The financial information set out in this document does not constitute the Group's statutory accounts for the period or the full year. Statutory accounts for the previous financial year were approved by the Board of Directors on 20 November 2023 and delivered to the Registrar of Companies.

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

This condensed consolidated interim financial information for the 26 weeks ended 30 March 2024 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the United Kingdom. These interim financial results should be read in conjunction with the annual financial statements for the 52 weeks ended 30 September 2023, which have been prepared in accordance with UK-adopted International accounting standards.

The financial information presented in this Interim Report has been prepared in accordance with the accounting policies expected to be used in preparing the 2024 Annual Report and Accounts which do not differ significantly from those used in the preparation of the 2023 Annual Report and Accounts.

The Directors have prepared a going concern assessment covering the 12 month period from the date of approval of these interim financial statements. The assessment indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The Group has committed RCF facilities of $137 million to May 2027. Related loan covenants include a limit of 3.0 times for the ratio of net debt, excluding lease liabilities, to bank-determined adjusted EBITDA (leverage). As part of the going concern assessment, the Directors considered sensitivity of financial covenants and liquidity headroom to a reverse stress test to determine the deterioration against the base case forecast required to challenge covenant levels. This demonstrated significant headroom, with the downside movement required not considered plausible given the secured order book and mitigating actions available to reduce future cash outflows or expenses within managements control.

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

Section 2: Results for the Period

2.1 Adjusted performance measures

The Directors assess the operating performance of the Group based on adjusted measures of operating profit, net finance costs, taxation and earnings per share, as well as other measures not defined under IFRS including orders received, closing order book, operating profit margin, return on invested capital, cash conversion, net debt excluding lease liabilities, average working capital turns, and constant currency equivalents for relevant metrics. These measures are collectively described as Adjusted Performance Measures (APMs).

The Directors believe that the APMs provide a useful comparison of business trends and performance. The APMs exclude exceptional items considered unrelated to the underlying trading performance of the Group. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

Adjustments to operating profit

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated) [1] $m
Operating profit	2.6	3.9
Amortisation of acquired intangibles	3.1	3.1
Transformational and restructuring costs	5.4	1.2
Acceleration of software amortisation - transformational	0.8	-
Impairment of non-current assets - restructuring	-	0.7
Adjusted operating profit	11.9	8.9
Depreciation	3.6	3.9
Other amortisation charges	2.2	3.1
Adjusted EBITDA	17.7	15.9

[1] The comparatives for the 26 weeks to 01 April 2023 been restated to reflect the discontinuation of the Armour business.

Amortisation charges for acquired intangible assets of $3.1 million (HY23: $3.1 million) are excluded from adjusted measures as they do not change each period based on underlying business trading and performance.

Current period total transformational costs were $6.2 million. These include $3.6 million related to the planned closure of the Irvine California facility as part of site optimisation, $0.8 million for acceleration of amortisation charges related to one of the Group's legacy ERP systems and $1.8 million related to other transformational programmes.

Prior period restructuring costs were $1.9 million. These costs include a $0.5 million right of use asset impairment relating to the closure of one of our U.S. offices, and $0.2 million other impairments.

Transformational and restructuring costs are considered exceptional as they related to specific programmes which do not form part of the underlying business trading and performance.

Adjustments to finance costs	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated) [1] $m
Net finance costs	(4.1)	(3.6)
U.K. defined benefit pension scheme net interest expense	1.0	0.4
Adjusted net finance costs	(3.1)	(3.2)

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

$1.0 million (HY23: $0.4 million) net interest expense on the U.K. defined benefit pension scheme liability is treated as exceptional given the scheme relates to employees employed prior to 31 January 2003 and was closed to future accrual of benefits on 1 October 2009 (note 5.2).

Adjustments to taxation

Adjustments to taxation represent the tax effects of the adjustments to operating profit and finance costs. Adjusting items do not have significantly different tax rates, with the overall effective rate of 24% (HY23: 21%) approximating statutory rates applicable in the U.S. and U.K.

Constant currency reporting

Constant currency measures remove the impact of changes in exchange rates. Constant currency measures are calculated by translating the prior period at HY24 exchange rates.

Continuing operations	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m	Change (constant currency)
Orders received	190.3	126.6	50.3%
Closing order book	199.0	145.2	37.1%
Revenue	127.1	102.3	24.2%
Adjusted operating profit	11.9	8.5	40.0%
Adjusted profit before tax	8.8	5.3	66.0%
Adjusted basic earnings per share	22.3c	14.0c	59.3%

Inventory Turns	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
Inventory	56.4	69.5
Last 12 months cost of sales	175.3	157.7
Group inventory turns	3.11	2.27

Inventory turns measures how many times the inventory was turned over in the period by dividing the cost of sales over the last 12 months, by the inventory value. Group inventory turns have been presented on continuing basis.

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
Inventory	36.3	26.6
Last 12 months cost of sales	79.6	51.4
Team Wendy inventory turns	2.19	1.93

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
Inventory	20.1	42.9
Last 12 months cost of sales	95.7	106.3
Avon Protection inventory turns	4.76	2.48

Productivity	26 weeks to 30 March 2024	26 weeks to 01 April 2023
Direct headcount	556	625
Last 12 months revenue	$269.3m	$245.7m
Group productivity	$484k	$393k

Productivity measures how much revenue was generated per direct employee by dividing the revenue over the last 12 months, by the total number of direct heads.

	26 weeks to 30 March 2024	26 weeks to 01 April 2023
Direct headcount	196	324
Last 12 months revenue	$155.7m	$178.6m
Avon Protection productivity	$794k	$551k

Scrap (% of revenue)	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
Last 6 months scrap	2.1	3.1
Last 6 months revenue	127.1	101.6
Group scrap (% of revenue)	1.7%	3.1%

Scrap (% of revenue) is calculated by dividing the total value of scrap produced in the period, by the revenue generated in the period.

Return on invested capital (ROIC)

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated) [1] $m
Net assets	142.5	192.8
Net assets associated with discontinued operations	-	(1.5)
Net assets associated with continuing operations	142.5	191.3
Net debt	57.3	71.8
Lease liabilities	19.2	14.2
Retirement benefit obligations	50.7	16.5
Derivatives	(0.6)	(0.4)
Net tax	(36.4)	(25.4)
Total invested capital	232.7	268.0
Average invested capital	250.3	267.9
Adjusted operating profit (preceding 12 months)	24.2	27.2
ROIC	9.7%	10.2%

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

Cash conversion

Cash conversion excludes the impact of exceptional items from operating cash flow and EBITDA.

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated)[1] $m
Cash flow from continuing operations before exceptional items	27.5	(14.5)
Adjusted EBITDA	17.7	15.9
Cash conversion	155.4%	(91.2%)

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

2.2 Operating segments

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

The Group has, following a reorganisation in H2 2023, two different continuing operating and reportable segments, these being Avon Protection and Team Wendy. In the prior interim reporting period the Group had two continuing operating and reportable segments, Respiratory Protection and Head Protection, and Armour. The Armour business was formally closed in the second half of the 2023 financial period and has therefore been reclassified as into discontinued operations, with comparatives restated accordingly. Respiratory Protection has been renamed Avon Protection, and Head Protection renamed Team Wendy.

26 weeks to 30 March 2024	Avon Protection	Team Wendy	Adjusted Total	Adjustments & discontinued (Notes 2.1, 2.3)	Total
	$m	$m	$m	$m	$m
Revenue	67.3	59.8	127.1	-	127.1
Adjusted operating profit/(loss)	11.1	0.8	11.9	(9.3)	2.6
Net finance costs			(3.1)	(1.0)	(4.1)
Profit/(loss) before taxation			8.8	(10.3)	(1.5)
Taxation			(2.1)	2.5	0.4
Profit/(loss) for the period from continuing operations			6.7	(7.8)	(1.1)
Loss from discontinued operations	-	-	-	-	-
Profit/(loss) for the period			6.7	(7.8)	(1.1)
Basic earnings per share (cents)			22.3c	(26.0c)	(3.7c)
Diluted earnings per share (cents)			22.3c	(26.0c)	(3.7c)

26 weeks to 01 April 2023	Avon Protection	Team Wendy	Adjusted Total	Adjustments & discontinued (Notes 2.1, 2.3)	Total
	$m	$m	$m	$m	$m
Revenue	68.5	33.1	101.6	-	101.6
Adjusted operating profit/(loss)	13.6	(4.7)	8.9	(5.0)	3.9
Net finance costs			(3.2)	(0.4)	(3.6)
Profit/(loss) before taxation			5.7	(5.4)	0.3
Taxation			(1.1)	1.1	-
Profit/(loss) for the period from continuing operations			4.6	(4.3)	0.3
Loss from discontinued operations			-	(3.7)	(3.7)
Profit/(loss) for the period			4.6	(8.0)	(3.4)
Basic earnings per share (cents)			15.3c	(26.7c)	(11.4c)
Diluted earnings per share (cents)			15.3c	(26.7c)	(11.4c)

Revenue analysed by line of business

	26 weeks to 30 March 2024			26 weeks to 01 April 2023		
	Avon Protection $m	Team Wendy $m	Total $m	Avon Protection $m	Team Wendy $m	Total $m
U.S. DOD	13.0	36.5	49.5	34.1	8.3	42.4
Commercial Americas	18.8	12.1	30.9	14.6	12.1	26.7
U.K. & International	35.5	11.2	46.7	19.8	12.7	32.5
Total	67.3	59.8	127.1	68.5	33.1	101.6

Revenue analysed by geographic region by origin

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m
U.K.	21.0	16.5
U.S.	106.1	85.1
Total	127.1	101.6

2.3 Discontinued Operations

At 30 September 2023 all armour orders had been delivered to customers, and Armour operations were fully closed. As such the Armour business has been classified as discontinued, including restatement of comparatives.

In September 2020 the Group divested of the milkrite | InterPuls business, resulting in its classification as discontinued. As part of the divestment, the Group entered into a Manufacturing Service Agreement with the purchasers to provide manufacturing support, which ended on 30 September 2023. As the activity under this agreement was not part of continuing operations, related revenue and costs were classified as discontinued.

	26 weeks to 30 March 2024			26 weeks to 01 April 2023		
	Armour	milkrite | InterPuls	Total	Armour	milkrite | InterPuls	Total
	$m	$m	$m	$m	$m	$m
Revenue	-	-	-	14.6	2.6	17.2
Cost of sales	-	-	-	(18.3)	(1.6)	(19.9)
Gross profit	-	-	-	(3.7)	1.0	(2.7)
General and administrative expenses	-	-	-	(1.8)	-	(1.8)
Operating (loss)/profit	-	-	-	(5.5)	1.0	(4.5)
Net finance costs	-	-	-	(0.1)	-	(0.1)
(Loss)/profit before taxation	-	-	-	(5.6)	1.0	(4.6)
Taxation	-	-	-	1.1	(0.2)	0.9
(Loss)/profit from discontinued operations	-	-	-	(4.5)	0.8	(3.7)
Basic earnings per share (cents)	-	-	-	(15.1c)	2.7c	(12.4c)
Diluted earnings per share (cents)	-	-	-	(15.1c)	2.7c	(12.4c)

2.4 Earnings Per Share

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

Weighted average number of shares

	26 weeks to 30 March 2024	26 weeks to 01 April 2023
Weighted average number of ordinary shares in issue used in basic calculations (thousands)	29,996	29,996
Potentially dilutive shares (weighted average) (thousands)	970	331
Fully diluted number of ordinary shares (weighted average) (thousands)	30,966	30,327

2.5 Taxation

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 (restated) [1] $m
(Loss)/profit before taxation from continuing operations	(1.5)	0.3
Tax (credit)/charge at the average standard U.K. rate of 25.0% (HY23: 22.0%)	(0.4)	0.1
Permanent differences	-	(0.1)
Tax credit	(0.4)	-

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

Deferred tax assets and liabilities of $37.7 million have been offset in the 30 March 2024 statement financial position as the Group has a right to set off current and deferred tax balances levied by tax authorities in relevant taxable jurisdictions. The Directors have considered the impact on the prior period and determined the classification change not material for restatement.

Section 3: Non-current assets

3.1 Intangible assets

Net book amounts	Goodwill $m	Acquired intangibles $m	Development expenditure $m	Computer software $m	Total $m
At 30 September 2023	65.4	45.8	20.2	7.8	139.2
Additions	-	-	0.3	0.3	0.6
Amortisation	-	(3.1)	(1.6)	(1.4)	(6.1)
Exchange differences	-	-	-	0.1	0.1
At 30 March 2024	65.4	42.7	18.9	6.8	133.8

Assessments of potential impairment indicators for the Avon Protection and Team Wendy CGUs that include associated goodwill, acquired intangible assets and property, plant and equipment, and attributable working capital were conducted at the interim reporting date. No indicators were noted.

Development assets are grouped into the smallest identifiable group of assets generating future cash flows largely independent from other assets, known as cash-generating units (CGU). Included in CGUs are development expenditure, tangible assets and inventory related to the product group. CGUs are tested for impairment annually and whenever there is an indication of impairment. At the interim reporting date an assessment of development asset CGUs was performed with no impairments noted.

3.2 Property, plant and equipment

Net book amounts	Freeholds $m	Right of use assets $m	Plant and machinery $m	Leasehold improvements $m	Total $m
At 30 September 2023	1.5	8.5	23.5	2.3	35.8
Additions	-	-	5.1	-	5.1
Depreciation	-	(1.3)	(2.0)	(0.3)	(3.6)
Exchange differences	-	-	0.4	-	0.4
At 30 March 2024	1.5	7.2	27.0	2.0	37.7

The Group sub-leases legacy commercial premises where they are no longer required for operations, resulting in lease assets being held on the balance sheet.

3.3 Finance leases

	Finance leases $m
At 30 September 2023	6.2
Additions	0.2
Interest Income	0.2

Payments received	(0.7)
At 30 March 2024	5.9

Payments received include $0.2 million interest and $0.5 million capital receipts.

Section 4: Funding

4.1 Borrowings

	As at 30 March 2024 $m	As at 30 Sept 2023 $m
Current		
Lease liabilities	4.3	4.3
Non-Current		
Bank Loans	68.5	77.7
Lease liabilities	14.9	16.6
	83.4	94.3
Total Group borrowings	87.7	98.6

The Group had the following committed facilities at the balance sheet date:

	As at 30 March 2024 $m	As at 30 Sept 2023 $m
Total undrawn committed borrowing facilities	136.5	127.3
Bank loans and overdrafts utilised	68.5	77.7
Total Group committed facilities	205.0	205.0
Comprising:		
Revolving credit facility	200.0	200.0
Bank overdraft	5.0	5.0

At 30 March 2024 the Group had a revolving credit facility (RCF) with a total commitment of $200 million.

On 14 May 2024, the Group signed a new $137 million RCF, together with a $50 million accordion replacing the previous facility. The new RCF was agreed with a syndicate of four lenders and is available until May 2027, with two further one-year extension options.

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

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

4.2 Analysis of net debt

	As at 30 Sept 2023 $m	Cash flow $m	Non-cash movements $m	Exchange movements $m	As at 30 March 2024 $m
Cash at bank and in hand	13.2	(2.0)	-	-	11.2
Bank loans	(77.7)	9.2	-	-	(68.5)
Net debt excluding lease liabilities	(64.5)	7.2	-	-	(57.3)
Lease liabilities	(20.9)	2.5	(0.3)	(0.5)	(19.2)
Net debt	(85.4)	9.7	(0.3)	(0.5)	(76.5)

Cash flow relating to bank loans consisted of $17.5 million proceeds from drawdowns, less $26.7 million repayments.

4.3 Net finance costs

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m (restated) [1]
Interest payable on bank loans and overdrafts	(2.9)	(2.7)
Interest payable in respect of leases	(0.3)	(0.4)
Amortisation of finance fees	(0.4)	(0.3)
U.K. defined benefit pension scheme net interest expense	(1.0)	(0.4)
Bank interest income	0.3	0.2
Finance lease interest	0.2	-
Net finance costs	(4.1)	(3.6)

[1] The comparatives for the 26 weeks to 01 April 2023 been restated to reflect the discontinuation of the Armour business.

4.4 Equity

Share Capital

	No. of shares as at 30 March 2024	Ordinary shares as at 30 March 2024 $m	Share premium as at 30 March 2024 $m	No. of shares as at 30 Sept 2023	Ordinary shares as at 30 Sept 2023 $m	Share premium as at 30 Sept 2023 $m
Called up, allotted and fully paid ordinary shares of £1 each						
At the beginning of the period	31,023,292	50.3	54.3	31,023,292	50.3	54.3
At the end of the period	31,023,292	50.3	54.3	31,023,292	50.3	54.3

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

Own shares held – Share Buyback Programme

	26 weeks to 30 March 2024 No. of shares	Period ended 30 sept 2023 No. of shares
Opening balance	765,098	765,098
Acquired in the period	-	-
Closing balance	**765,098**	765,098

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

Own shares held – Long-Term Incentive Plan

	26 weeks to 30 March 2024 No. of shares	Period ended 30 Sept 2023 No. of shares
Opening balance	261,714	261,714
Acquired in the period	-	-
Disposed on exercise of options	-	-
Closing balance	**261,714**	261,714

These shares are held in trust in respect of awards made under the Avon Protection Long-Term Incentive Plan (LTIP). Dividends on the shares have been waived. The market value of shares held in trust at 30 March 2024 was $3.6 million (30 September 2023: $2.0 million). The shares are held at cost as treasury shares and deducted from shareholders' equity. In H2 the trust has commenced a programme to buy further shares which are intended to be used to satisfy the award of share options granted to employees under the LTIP.

4.5 Dividends

On 26 January 2024, the shareholders approved a final dividend of 15.3c per qualifying ordinary share in respect of the 52 weeks ended 30 September 2023. This was paid on 8 March 2024 utilising $4.6 million of shareholders' funds.

The Board of Directors has declared an interim dividend of 7.2c (2023: 14.3c) per qualifying ordinary share in respect of the 52 weeks ending 28 September 2024. This interim dividend will be paid on 6 September 2024 to shareholders on the register at 9 August 2024 with an ex-dividend date of 8 August 2024.

In accordance with accounting standards, this dividend has not been provided for. It will be recognised in shareholders' funds in the 52 weeks to 28 September 2024 and is expected to utilise $2.1 million (2023: $4.3 million) of shareholders' funds.

Section 5: Other

5.1 Provisions for liabilities and charges

	Warranty provisions $m	Property Obligations $m	Offset provisions $m	Restructuring provisions $m	Total $m
Balance at 30 September 2023	1.8	4.2	2.4	-	8.4
Provision created/(released) in the period	0.8	-	(0.9)	1.9	1.8
Transfer to accruals	-	-	(0.5)	-	(0.5)
Payments in the period	(0.2)	-	-	-	(0.2)
Foreign exchange movements	-	0.2	-	-	0.2
Balance at 30 March 2024	2.4	4.4	1.0	1.9	9.7

Analysis of total provisions	As at 30 March 2024 $m	As at 30 Sept 2023 $m
Current	4.0	0.4
Non-current	5.7	8.0
Total provisions	9.7	8.4

Warranty provisions cover expected costs under guarantees provided with certain products. Property obligations relate to leased premises of the Group which are subject to dilapidation risks and are expected to be utilised within the next 15 years. Offset provisions relate to the Group's estimated obligations under programmes to generate economic value for specific countries. Restructuring provisions relate to costs associated with the closure of the Irvine California facility and other transformational programmes.

5.2 Defined benefit pension scheme

	As at 30 March 2024 $m	As at 30 Sept 2023 $m
Net pension liability	50.7	40.2

Defined benefit pension scheme

The Group operated a contributory defined benefit plan to provide pension and death benefits for the employees of Avon Protection plc and its Group undertakings in the U.K. employed prior to 31 January 2003. The plan was closed to future accrual of benefit on 1 October 2009 and has a weighted average maturity of approximately 11 years. The assets of the plan are held in separate trustee administered funds and are invested by professional investment managers. The Trustee is Avon Rubber Pension Trust Limited, the Directors of which are members of the plan. Three of the Directors are appointed by the Company and two are elected by the members. The defined benefit plan exposes the Group to actuarial risks such as longevity risk, inflation risk and investment risk.

The funding of the plan is based on regular actuarial valuations. The most recent finalised actuarial valuation of the plan was carried out at 31 March 2022 when the market value of the plan's assets was £337.5 million. The fair value of those assets represented 91% of the value of the benefits which had accrued to members, after allowing for future increase in pensions.

During the period the Group made payments to the fund of $6.3 million (HY23: nil) in respect of scheme expenses and deficit recovery plan payments. In accordance with the deficit recovery plan agreed following the 31 March 2022 actuarial valuation, the Group will make payments in the second half of 2024 of £2.1 million, FY25 of £4.3 million and FY26 of £4.7 million in respect of deficit recovery and scheme expenses.

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

An updated actuarial valuation for IAS 19 purposes was carried out by an independent actuary at 30 March 2024 using the projected unit method.

Movement in net defined benefit liability

	Defined benefit obligation		Defined benefit asset		Net defined benefit liability	
	30 March 2024 $m	30 Sept 2023 $m	30 March 2024 $m	30 Sept 2023 $m	30 March 2024 $m	30 Sept 2023 $m
At 30 September/01 October	(321.7)	(284.9)	281.5	278.6	(40.2)	(6.3)
Included in profit or loss						
Administrative expenses	(0.6)	(1.0)	-	-	(0.6)	(1.0)
Net interest cost	(8.8)	(16.2)	7.7	15.8	(1.1)	(0.4)
	(9.4)	(17.2)	7.7	15.8	(1.7)	(1.4)
Included in other comprehensive income						
Remeasurement gain:						
– Actuarial gain/(loss) arising from:						
– Demographic assumptions	-	(2.6)	-	-	-	(2.6)
– Financial assumptions	(18.7)	15.0	-	-	(18.7)	15.0
– Experience adjustment	-	(24.4)	-	-	-	(24.4)
– Return on plan assets excluding interest income	-	-	5.2	(19.8)	5.2	(19.8)
	(18.7)	(12.0)	5.2	(19.8)	(13.5)	(31.8)
Other						
Contributions by the employer	-	-	6.3	-	6.3	-
Net benefits paid out	11.6	23.7	(11.6)	(23.7)	-	-
FX gain/(loss)	(10.4)	(31.3)	8.8	30.6	(1.6)	(0.7)
At 30 March/30 September	(348.6)	(321.7)	297.9	281.5	(50.7)	(40.2)

Actuarial assumptions

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

	30 March 2024 % p.a.	30 Sept 2023 % p.a.
Inflation (RPI)	3.25	3.30
Inflation (CPI)	2.65	2.65
Pension increases post August 2005	2.10	2.10
Pension increases pre August 2005	3.05	3.10
Discount rate for scheme liabilities	4.95	5.50

Plan assets

	30 March 2024 $m	30 Sept 2023 $m
Equities and other securities	90.6	83.2
Liability Driven Investment	133.9	73.8
Infrastructure fund	67.7	64.0
Cash	5.7	60.5
Fair value of assets	297.9	281.5

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

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

$129.1 million (FY23: $126.0 million) of the remaining investments are classified as level 3 within the fair value hierarchy. Holdings unquoted securities are valued at fair value which is typically the Net Asset Value provided by the fund administrator at the most recent quarter end. Holdings in the infrastructure fund are valued by an independent valuer using a model-based valuation such as a discounted cash flow approach.

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

5.3 Cash flow from operations

	26 weeks to 30 March 2024 $m	26 weeks to 01 April 2023 $m (restated) [1]
Continuing operations		
(Loss)/profit for the period	(1.1)	0.3
Adjustments for:		
Taxation	(0.4)	-
Depreciation	3.6	3.9
Amortisation of intangible assets	6.1	6.2
Impairments	-	0.7
Defined benefit pension scheme cost	0.6	0.4
Net finance costs	4.1	3.6
Fair value of share-based payments	0.9	0.8
Transformational and restructuring costs expensed[2]	5.4	1.2
Increase in inventories	(2.0)	(22.8)
Decrease/(increase) in receivables	8.3	(4.4)
Increase/(decrease) in payables and provisions	2.0	(4.4)
Cash flow from continuing operations before exceptional items	27.5	(14.5)
Transformational and restructuring costs paid	(4.1)	(1.2)
Cash flow from continuing operations	23.4	(15.7)
Discontinued operations		
Loss for the period	-	(3.7)
Adjustments for:		
Taxation	-	(0.9)
Finance costs	-	0.1
Decrease in inventories	-	6.1
Decrease in receivables	5.1	0.2
Decrease in payables and provisions	(0.2)	0.9
Cash flow from discontinued operations	4.9	2.7
Cash flow from operations	28.3	(13.0)

[1] The comparatives for the 26 weeks to 01 April 2023 have been restated to reflect the discontinuation of the Armour business.

[2] Transformational and restructuring costs expensed exclude amortisation and impairment (note 2.1).

5.4 Exchange rates

The following significant exchange rates applied during the period.

	Average rate 30 March 2024	Closing rate 30 March 2024	Average rate 01 April 2023	Closing rate 01 April 2023	Closing rate 30 Sept 2023
USD/GBP	0.7976	0.7910	0.8380	0.8085	0.8161

5.5 Restatements

Prior interim period comparatives have been restated to present the Armour business as a discontinued operation, and to reclassify certain expenses in the Consolidated Statement of Comprehensive Income. Selling and distribution costs have been disaggregated into sales and marketing expenses, presented in a separate line below gross profit, and freight and distribution costs which have been reclassified into cost of sales. Overall operating loss figures as reported in the previous period remain unchanged as this is only a presentational change. This presentation reflects the way the business performance is monitored by management, and classifications adopted in the 2023 annual accounts. A reconciliation of reported and adjusted prior period to restated figures is presented below.

	Adjusted			
Continuing operations	Previously reported $m	Remove Armour $m	Selling and distribution $m	Restated $m
Revenue	116.2	(14.6)	-	101.6
Cost of sales	(77.4)	17.2	(3.3)	(63.5)
Gross profit	38.8	2.6	(3.3)	38.1
Selling and distribution costs / Sales and marketing expenses	(10.9)	0.7	3.3	(6.9)
Research and development costs	(4.8)	-	-	(4.8)
General and administrative expenses	(18.9)	1.4	-	(17.5)
Operating profit	4.2	4.7	-	8.9
Net finance costs	(3.3)	0.1	-	(3.2)
Profit before tax	0.9	4.8	-	5.7

	Adjustments		
Continuing operations	Previously reported $m	Remove Armour $m	Restated $m
Revenue	-	-	-
Cost of sales	(0.4)	0.4	-
Gross profit	(0.4)	0.4	-
General and administrative expenses	(5.4)	0.4	(5.0)
Operating profit	(5.8)	0.8	(5.0)

	Statutory Total			
Continuing operations	Previously reported $m	Remove Armour $m	Selling and distribution $m	Restated $m
Revenue	116.2	(14.6)	-	101.6
Cost of sales	(77.8)	17.6	(3.3)	(63.5)
Gross profit	38.4	3.0	(3.3)	38.1
Selling and distribution costs / Sales and marketing expenses	(10.9)	0.7	3.3	(6.9)
Research and development costs	(4.8)	-	-	(4.8)
General and administrative expenses	(24.3)	1.8	-	(22.5)
Operating profit	(1.6)	5.5	-	3.9

Net finance costs	(3.7)	0.1	-	(3.6)
Profit before tax	(5.3)	5.6	-	0.3

5.6 Principal risks and uncertainties

The nature of the principal risks and uncertainties impacting the Group are described on pages 62-69 of our 2023 Annual Report and remain largely unchanged, although the characterisation of some risks has changed as our understanding and mitigation plans have developed.

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

5.7 Related party transactions

There were no related party transactions during the period or outstanding at the end of the period (2023: nil) other than internal transactions between Group companies, and compensation of key management personnel which will be disclosed as required in the Group's Annual Report for the 52 weeks ending 28 September 2024.