AVON RUBBER P.L.C.
INTERIM RESULTS FOR THE HALF YEAR
ENDED 31 MARCH 2021

POSITIONED FOR GROWTH

Paul McDonald, Chief Executive Officer:

"Following the transformation of the Group in 2020 into a leading provider of life critical personal protection systems, we have made a strong start to 2021, continuing to deliver organic growth in orders and revenues, together with further progress against our strategic objectives.

We have seen significant growth in respiratory protection from both Military and First Responder customers, while Team Wendy has performed well following the acquisition in November 2020, and we completed the integration of the ballistic protection business acquired in January 2020 from 3M.

We are making good progress to resolve the delays in product approval for our body armor programmes and remain on track to commence shipments in the first half of our 2022 financial year.

Given the $157m order book and strong pipeline of opportunities across our personal protection portfolio, we are confident of delivering full year expectations and remain excited by the medium-term prospects.

Reflecting our transformation into a focussed provider of life critical personal protection systems we plan to change our name to Avon Protection plc during the second half of the year."

	31 March 2021	31 March 2020 (Restated)[2]	Growth
Orders received	**$167.9m**	$114.6m	46.5%
Closing order book	**$156.6m**	$135.2m	15.8%
Revenue	**$122.0m**	$86.5m	41.0%
Adjusted[1] operating profit	**$17.5m**	$14.0m	25.0%
Adjusted[1] profit before tax	**$16.0m**	$13.0m	23.1%
Adjusted[1] basic earnings per share	**41.1c**	32.1c	28.0%
Interim dividend per share	**14.3c**	11.0c	30.0%
Net debt excluding lease liabilities	**$12.9m**	$65.6m	
Statutory results			
Operating profit[3]	**$6.2m**	($0.3m)	
Profit before tax	**$5.4m**	($1.8m)	
Basic earnings per share	**9.8c**	5.9c	
Net debt	**$44.1m**	$91.5m	

Strategic and operational highlights

- Strong order intake up 46.5% (30.5% excluding Team Wendy), with Military up 31.3%, First Responder up 28.3% and a first-time contribution of $18.4m from Team Wendy
  - First orders worth $38 million under the NATO Support & Procurement Agency ("NSPA") contract
  - Further follow-on order for $17m under M69 aircrew mask contract with the U.S. Department of Defense ("U.S. DOD")
  - Contract modification to the existing IHPS helmet contract with a value of up to $28m secured with U.S. DOD together with an initial $19m order
- Team Wendy acquisition completed on 2 November and performing in line with expectations

- Completed the integration of the ballistic protection business acquired in January 2020 from 3M
    - Business absorbed into our Military and First Responder lines of business
    - U.S. DOD contracts novated and exited transitional service arrangements with 3M
- Product approval process for the Defense Logistics Agency ("DLA") Enhanced Small Arms Protective Inserts ("ESAPI") body armor contract remains on track for deliveries to commence at the start of FY 2022 as previously guided
- Propose to change our name to Avon Protection plc during the second half
    - Reflecting our transformation into a focussed provider of personal protection systems

Financial highlights

- Another half year of positive financial performance
    - Revenue growth of 41.0%, 17.6% excluding Team Wendy contribution of $20.5m
    - Adjusted EBITDA margin of 19.7%, down 120bps, reflecting the expected weighting of revenues to the second half and even spread of overheads across the year. Team Wendy contributed EBITDA of $6.6m at a margin of 32.2%
    - Adjusted operating profit up 25.0% reflecting the benefits of strong respiratory trading performance and the $6.1m contribution from Team Wendy. Operating profit excluding team Wendy impacted by weighting of revenues and the even spread of overheads.
    - Adjusted earnings per share up 28.0%
- Cash conversion of 58.5% reflects the expected weighting of revenues to the second half and increased inventory holdings to mitigate supply chain risks and support second half deliveries
- Strong financial position maintained
    - Net debt excluding finance leases of $12.9m represents leverage of less than 0.2 x consensus EBITDA for the full year. Including lease liabilities of $31.2m, reported net debt was $44.1m
    - Strong liquidity with $200m Revolving Credit Facility largely undrawn, with $11.0m utilised at the half year, and fully compliant with all debt facility covenants with significant headroom
- Interim dividend per share of 14.3c, up 30.0%
    - Reflecting our continued commitment to our progressive dividend policy and positive outlook

Outlook

- Confident in the full year outlook
    - Trading has continued in line with expectations in the second half to date
    - Given the current $156.6m order book and expected order intake in the second half, the Board remains confident of achieving its expectations for the current financial year
- Strong medium-term growth prospects
    - Our long-term contracts, strong order intake momentum and order book provide excellent revenue visibility going into 2022 and beyond
    - Our leading technology and product offering, together with a strong pipeline of opportunities, underpin our confidence in our future growth prospects

Notes:

[1] The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, costs associated with acquisitions, the amortisation of acquired intangibles and discontinued operations. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

[2] 2020 has been restated to reflect the continuing operations of the Group following the change in reporting currency to US dollars, the divestment of milkrite | InterPuls on 25 September 2020 and to reflect the prior period adjustment for Barber pension equalisation included in the 2020 full year financial statements.

[3] Reported operating profit includes $7.0m of amortisation of acquired intangibles and $4.3m of costs related to the acquisition and integration of Team Wendy and the 3M ballistic protection business.

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Analyst and investor webcast

Paul McDonald, Chief Executive Officer and Nick Keveth, Chief Financial Officer, will host a webcast for analysts and investors at 9.00am this morning.

The webcast will be broadcast live at:
https://webcasting.brrmedia.co.uk/broadcast/607fce500386285386cc9e8a

Dial in: +44 (0) 330 336 9424

PIN: 2257111

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

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.

Note to editors:

Avon Rubber is listed on the London Stock Exchange (LSE: AVON) and is a constituent of the FTSE 250 Index.

Avon Rubber is an innovative technology group, which designs and produces life critical personal protection systems to maximise the performance and capabilities of its customers, with leading positions in the respiratory and ballistic protection markets for the world's militaries and first responders.

For further information, please visit our website: www.avon-rubber.com.

CHIEF EXECUTIVE OFFICER'S REVIEW

The first six months of 2021 have been a period of further strong growth and development for the business as we have continued to deliver on the strategy we launched in 2017. This strategy is based on three core pillars:

- Growing the core by maximising organic sales growth from our current product portfolio;
- Pursuing selective product development to maintain our innovation leadership position; and
- Targeting value enhancing acquisitions to complement our existing businesses and add additional growth opportunities for the Group.

GROWING THE CORE

The strong revenue and order intake growth in the first half of the year has been delivered through our focus on providing life critical personal protection solutions to our customers across both Military and First Responder end markets.

Our revenues remained underpinned by long-term contract positions with the U.S. DOD, a growing and significant Rest of World customer base and an attractive aftermarket proposition for our installed platforms, providing more visible and sustainable revenues.

In turn, our respiratory and ballistic protection portfolios are supported by our technology leadership and the strength of our specialisms in advanced materials and respiratory protection, and well-invested manufacturing facilities.

A diversified portfolio of long-term contracts in Military

Over recent years we have established a position as the sole source provider of General-Purpose Respirators, Tactical Forces Respirators, Powered Air Purifying Respirators ("PAPR") and Tactical Self Container Breathing Apparatus ("SCBA") across the entire U.S. DOD. We continue to install the base volumes of the M69 aircrew mask and the third delivery order under this framework contract for $17.0m continues to provide good revenue visibility in the short-term.

The M50 mask system remains important to the respiratory portfolio and this was confirmed last year with the award of the new sustainment contract. We have completed the first deliveries under this new contract and alongside the original equipment installation we continue to see the benefit of the installed base of over two million masks which has supported strong sustainable revenues from our filters, spares and accessories portfolio.

Alongside this we continue to supply all four military branches of the U.S. DOD and other national and federal agencies with the M53A1 tactical mask which also draws from a wider range of respiratory protection products, including the MP PAPR powered air systems and the ST54 self-contained breathing apparatus as well as other spares and accessories. As expected, we have received regular follow-on orders over the first half of the year and this contract and order profile is continuing to demonstrate the breadth of our customer base.

Alongside the diverse and visible order pipeline with the U.S. DOD, we have seen continued success with the broader respiratory portfolio in meeting a wider range of needs for our Rest of World customers. The award by the NATO Support & Procurement Agency ("NSPA") of a 10-year contract to provide access to the entire respiratory portfolio for its members and associate members was very significant. During the first half we have received orders totalling $38m under this contract from four NSPA members with Norway, Finland, Belgium and the Netherlands joining the programme and we remain excited by other opportunities under this contract. Alongside this we have continued to deliver the sustainment volumes of the U.K. General Service Respirator ("U.K. GSR").

Last year was transformational for Avon Protection with the completion of the acquisition of 3M's ballistic protection business in January 2020 adding market leading ballistic protection technologies across helmets and body armor to our leading respiratory protection portfolio.

The legacy DLA ESAPI contract remains an important part of the medium-term revenue outlook for the ballistic portfolio. We have conducted a thorough review of the first article testing failure that was confirmed in December and have finalised revised product designs to address the identified issue. We are currently manufacturing test samples of the new design and remain on track for these samples to be submitted for testing during our fourth quarter and for deliveries to commence in the first half of our next financial year.

We announced the $93m contract award for the next generation U.S. Army Integrated Head Protection System ("IHPS") in September 2020. As previously announced, this was subsequently protested by a competitor with that protest upheld. The ongoing customer requirement for the supply of IHPS was confirmed by the award of the $28.4m contract modification to the existing low rate production volume contract in March 2021. Following the sole source contract extension for the first generation IHPS we are now in discussion with the customer in advance of the tender process for the next generation IHPS helmet, which we expect to commence in the second half of the year with production commencing in our next financial year. This major programme, which we expect to be multi-sourced, will provide medium-term revenue visibility for this important product.

First Responder well positioned in a post-COVID environment

The First Responder line of business is delivering the benefits of our committed commercial focus on this core growth market. The COVID-19 pandemic has changed the landscape of the requirements of the First Responder community and we have seen more of our customers looking for the benefits of the protection provided by our leading technologies for both respiratory and ballistic protection. We have seen strong order intake and revenues through original equipment orders and, as with our Military customers, the benefit of the legacy global installed mask base provides more sustainable revenues from filters, spares and accessories.

Significant growth opportunities

We are seeing positive market dynamics for our respiratory and ballistic portfolio and our current growth trajectory is underpinned by existing contracts but there is importantly significant scope for new contracts and expansion of current platforms into both new geographies and product ranges through our development activity.

SELECTIVE PRODUCT DEVELOPMENT

We continue to focus on maintaining our reputation for technological excellence and innovation. The strategic objective of our product development programme is to both increase the capability of the current platforms we provide and also to move up the value chain by providing more advanced systems for our specialist user groups. We continue to ensure our development pipeline is designed in partnership with our customers to ensure that their exacting performance requirements are met whilst ensuring we have a committed and commercial route to market to maximise our return on investment.

Maintaining our technology leadership in partnership with our customers

We have continued this focus on selective new product development in the first half, with $10.5m of investment in research and development projects. The increase in investment over the prior year primarily reflects the Group's growth with additional development resources and capability across the respiratory and ballistic product portfolio being supplemented with the addition of Team Wendy.

Over the first half we have made notable investment in the Supplied Air ST54 tactical self-contained breathing apparatus and the FM61 filter development for the NSPA contract. There has also been a focus on enhancements to the MCM100 underwater rebreather in association with the ongoing full dive test programme with the U.S. Navy. Development expenditure for the ballistic protection portfolio has focused on the next generation IHPS programme and body armor development for the DLA ESAPI and VTP ESAPI.

During the first half we have expanded distribution of our next generation CH15 escape hood to our European commercial customers following successful completion of CE safety approvals. We anticipate securing NIOSH safety approvals later in the year to allow the product to be launched for North American commercial customers.

Over the long-term, the strategy of our selective product development programme is focused on looking to the future of ever more sophisticated technical and operational requirements of serving Military and First Responder personnel through the development of seamlessly integrated respiratory and ballistic protection systems with data and communications technology.

VALUE ENHANCING ACQUISITIONS

We have executed on three significant strategic transactions over the last two years with the acquisitions of Team Wendy and 3M's ballistic protection business and the divestment of milkrite | InterPuls. As such, our current priority is completing the integration into the Group of the two newly acquired businesses and the transition of milkrite | InterPuls to new ownership.

Successful integration of ballistic protection

Our ballistic protection business is now fully integrated into Avon Protection, and we have established a fully aligned management structure through our Executive Leadership Team. All customer relationships are managed through our Military and First Responder lines of business and the manufacturing operations have been integrated into our Global Operations organisation.

In terms of back office integration, we have successfully transferred the business onto our IT systems and infrastructure, along with integrating our support functions across IT, finance and HR. Following novation of the U.S. DOD contracts to Avon Protection Ceradyne LLC in March we have now exited the transitional services arrangements with 3M.

We have implemented the Avon Protection Research and Development processes and made significant progress aligning the businesses so they can work effectively together and share best practice.

We remain on track to deliver the $5m of annualised synergies in 2021 and see the potential for further operational efficiencies over the medium-term.

Team Wendy integration on track and performing well

Following completion of the acquisition in November 2020, Team Wendy has performed in line with expectations. Whilst Team Wendy continues to operate on a standalone basis, we have migrated the business onto the Avon Rubber governance and performance management processes. Team Wendy has also started to work together with Avon Protection on major tender processes as well as opportunities to enhance our helmet portfolio. In particular, Team Wendy and Avon Protection are collaborating on the development of the IHPS liner pad system and our first combined commercial helmet, incorporating the Ceradyne helmet forming capabilities and Team Wendy's impact and retention capabilities, which we are expecting to launch in First Responder markets in the second half of the year. In addition, we have delivered procurement benefits from utilising Avon Protection's buying power and supplier relationships.

Strong balance sheet to support future activity

We will continue to explore further acquisition opportunities where we see potential to deliver significant strategic and financial value against our clear criteria. Our strong balance sheet, supported by our $200m RCF facility, and cash generation capability mean we are well positioned to pursue other potential acquisitions that also meet our criteria and act quickly and decisively where we identify them.

GROUP RESULTS

We have delivered a positive start to the year benefitting from the momentum from our respiratory portfolio in both our Military and First Responder businesses and the completion of the Team Wendy acquisition. As a result, revenue and adjusted operating profit grew by 41.0% and 25.0% respectively.

The positive performance over the first half of the year and the opening order book of $156.6m (HY20: $135.2m), provides excellent visibility going into the second half of 2021.

	31 March 2021	31 March 2020 (Restated)[1]	Growth
Orders received	**$167.9m**	$114.6m	46.5%
Closing order book	**$156.6m**	$135.2m	15.8%
Revenue	**$122.0m**	$86.5m	41.0%
Adjusted EBITDA	**$24.1m**	$18.1m	33.1%
Adjusted EBITDA margin	**19.7%**	20.9%	(1.2%)
Adjusted operating profit	**$17.5m**	$14.0m	25.0%
Operating profit	**$6.2m**	($0.3m)	
Adjusted profit after tax	**$12.6m**	$9.8m	28.6%
Profit after tax	**$4.4m**	($1.9m)	
Adjusted basic earnings per share	**41.1c**	32.1c	28.0%
Basic earnings per share	**9.8c**	5.9c	

Orders received totalled $167.9m (HY20: $114.6m) up 46.5%, reflecting strong momentum across our portfolio of life critical personal protection systems for the world's militaries and first responders. Excluding Team Wendy, which contributed $18.4m of orders in the period, orders received grew by 30.5% with Military growing by 31.3% and First Responder by 28.3%.

The closing order book of $156.6m (HY20: $135.2m) reflects a 15.8% increase on last half year, or 12.6% excluding the $4.3m Team Wendy closing order book.

The strong order momentum and first-time contribution from Team Wendy supported revenue growth of 41.0% to $122.0m (HY20: $86.5m), an increase of 17.3% excluding Team Wendy. This comprised exceptionally strong organic growth with both Military and First Responder customers of 17.0% and 19.1% respectively.

Adjusted EBITDA of $24.1m is up 33.1% versus last half year. The adjusted EBITDA margin of 19.7%, down 120bps, reflects the expected weighting of revenues to the second half and an even allocation of overheads across the whole year. With stronger second half revenues we expect the adjusted EBITDA margin percentage to significantly improve in the second half. However, given the impact of exchange rate movements in the year to date and the lower ballistic protection revenues we expect the full year adjusted EBITDA margin to be up to 100 basis points lower than the 2020 full year adjusted EBITDA margin of 22.9%.

Adjusted operating profit increased by 25.0%, to $17.5m (HY20: $14.0m) reflecting the benefits of strong respiratory trading performance and the $6.1m contribution from Team Wendy. Operating profit excluding Team Wendy of $11.4m was lower than the prior year due to the weighting of Avon Protection revenues to the second half and the even spread of overheads across the year.

After an adjusted tax charge of $3.4m (HY20: $3.2m), the Group recorded an adjusted profit for the period after tax of $12.6m (HY20: $9.8m). The adjusted tax rate of 21% is consistent with the prior half year and is reflective of the medium-term expectations for the Group tax rate in the absence of any increase to US federal tax rates.

Adjusted basic earnings per share increased by 28.0% to 41.1c (HY20: 32.1c).

On a reported basis, after taking account of the increase in amortisation of acquired intangibles following the acquisitions of Team Wendy and 3M's ballistic protection business and the associated acquisition costs and acquisition accounting adjustments to account for acquired inventory at fair value, statutory operating profit was \$6.2m (HY20: \$0.3m loss). Profit before tax was \$5.4m (HY20: (\$1.8m)) and, after a tax cost of \$1.0m (HY20: \$0.1m), profit for the period was \$4.4m (HY20: \$1.9m loss). Basic earnings per share were 9.8c (HY20: 5.9c).

REVENUE

	Respiratory	Ballistic	31 March 2021 \$m Total	Respiratory	Ballistic	31 March 2020 \$m Total
Military	60.6	13.7	74.3	46.8	16.7	63.5
First Responder	24.7	2.7	27.4	22.2	0.8	23.0
Avon Protection	85.3	16.4	101.7	69.0	17.5	86.5
Team Wendy	-	20.5	20.5	-	-	-
Eliminations	-	(0.2)	(0.2)	-	-	-
Total	85.3	36.7	122.0	69.0	17.5	86.5

Military

Military revenues of \$74.3m (HY20: \$63.5m) were 17.0% higher versus last half year, driven by a 29.5% increase in respiratory revenues. U.S. DOD revenues of \$62.5m (HY20: \$47.1m), reflect the broad contribution across the portfolio. We continue to install the base volumes for the IHPS low rate production contract, the M69 aircrew mask and the M53A1 mask and powered air system. Alongside this, we continue to see the benefit of the large installed base of two million M50 masks with strong associated revenues from filters, spares and accessories alongside new mask deliveries across the period.

Rest of World revenues of \$11.8m compared to \$16.4m in the first half for 2020, with a significant mask contract completed in the first half of last year and first deliveries under the NSPA contract commencing towards the end of the second quarter continuing into the second half of the year. We expect the benefits of a contract vehicle being in place for NSPA members to access the broad respiratory portfolio to underpin more visible rest of world revenue opportunities.

Alongside the growth in Military revenues in the first half of the year, we have also delivered a strong opening order book for the second half of the year of \$136.6m. The receipt of the modification to the IHPS low rate production volumes contract, a further follow-on M69 delivery order, strong Rest of World demand driven primarily by the NSPA contract and significant filters, spares and accessories orders in the first half has provided us with excellent visibility for Military sales in the second half, as well as contributing to building a strong order book for 2022. Discussions with the U.S. DOD for the next generation IHPS dual source contract, which will further underpin the Military outlook, continue to progress well. We also continue to actively pursue a number of other targeted opportunities with Rest of World Military customers.

First Responder

First Responder revenue increased by 19.1% to \$27.4m (HY20: \$23.0m). This was due to the continued strong momentum from our global customer base for the respiratory protection portfolio but importantly also with increasing demand for the ballistic portfolio.

The COVID 19 pandemic continues to drive demand in our First Responder markets. Our portfolio of life critical personal protection equipment is increasingly being used more widely with strong order intake particularly for our original equipment masks but also from the legacy installed base across supporting sustainable revenues for spares and accessories in the second half and beyond.

The momentum and benefit of adding the ballistic protection portfolio last year continues to build and we are pleased with the progress being made through our distribution network as sales of ballistic helmets have delivered strong growth from HY20. We have strong traction in our First Responder markets and together with a \$15.7m opening order book these supportive trends continue to underpin our confidence in our full year expectations.

Team Wendy

We completed the acquisition of Team Wendy on 2 November 2020, so the period to date includes the first five months of ownership. Over the period we have benefitted from revenue of $20.5m with broadly half of those sales being for ballistic helmets and the balance of sales to a very broad range of customers procuring non-ballistic helmets, helmet pads and liner and retention systems.

Team Wendy contributed EBITDA of $6.6m at an EBITDA margin of 32.2%.

Team Wendy benefits from a diversified customer base with broadly two thirds of the revenues being to Military customers and one third to First Responder customers. The opening order book of $4.3m for the second half is typical for the business given the quick turnaround of order fulfilment and with a significant opportunity pipeline drawn from the broad global customer base we are confident on the business performing in line with our expectations over our first 11 months of ownership.

RESEARCH & DEVELOPMENT EXPENDITURE

In line with our strategy and to maintain our leadership position in technological excellence we continue to invest in the next generation of products and our total investment in research and development (capitalised and expensed) amounted to $10.5m (HY20: $6.0m) as shown below. Total research and development as a percentage of revenue was 8.6% (HY20: 6.9%), which is an increase on prior year levels and reflects our ongoing product development objectives.

	Half year to 31 Mar 2021	Half year to 31 Mar 2020	Year to 30 Sep 2020
Total research and development expenditure	$10.5m	$6.0m	$11.8m
Less customer funded	($0.9m)	($1.7m)	($2.6m)
Group expenditure	$9.6m	$4.3m	$9.2m
Capitalised	($9.0m)	($3.1m)	($6.8m)
Income statement impact	$0.6m	$1.2m	$2.4m
Amortisation	$2.0m	$1.5m	$3.6m
Total income statement impact	$2.6m	$2.7m	$6.0m
Revenue	$122.0m	$86.5m	$213.6m
R&D spend as % of revenue	8.6%	6.9%	5.5%

The most significant expenditure on the respiratory portfolio has been continuing the development of the Supplied Air ST54 tactical self-contained breathing apparatus and the FM61 filter development for the NSPA contract. There has also been a focus on enhancements to the MCM100 underwater rebreather in association with the ongoing full dive test programme with the U.S. Navy. Development expenditure for the ballistic protection portfolio has focused on the next generation IHPS programme and body armor development for the DLA ESAPI and VTP ESAPI.

ADJUSTED PERFORMANCE MEASURES

	31 March 2021			31 March 2020		
	Adjusted $m	Adjustments $m	Total $m	Adjusted (Restated)[5] $m	Adjustments (Restated)[5] $m	Total (Restated)[5] $m
Continuing operations						
EBITDA	24.1	(4.3)	19.8	18.1	(11.2)	6.9
Depreciation and amortisation	(6.6)	(7.0)	(13.6)	(4.1)	(3.1)	(7.2)
Operating profit	17.5	(11.3)[1]	6.2	14.0	(14.3)[1]	(0.3)
Net finance costs	(1.5)	0.7[2]	(0.8)	(1.0)	(0.5)[2]	(1.5)
Profit before taxation	16.0	(10.6)	5.4	13.0	(14.8)	(1.8)
Taxation	(3.4)	2.4[3]	(1.0)	(3.2)	3.1[3]	(0.1)
Profit for the period from continuing operations	12.6	(8.2)	4.4	9.8	(11.7)	(1.9)
Discontinued operations (Loss) / profit from discontinued operations	-	(1.4)[4]	(1.4)	-	3.7[4]	3.7
Profit for the period	12.6	(9.6)	3.0	9.8	(8.0)	1.8
Basic earnings per share	41.1c	(31.3c)	9.8c	32.1c	(26.2c)	5.9c
Diluted basic earnings per share	40.7c	(30.9c)	9.8c	31.7c	(25.9c)	5.8c

[1] Operating Profit

Adjustments to operating profit are summarised as follows:

	31 March 2021 $m	31 March 2020 $m
Amortisation of acquired intangibles	7.0	3.1
Acquisition related costs	1.9	3.8
Inventory fair value adjustment	2.4	7.4
Operating profit adjustments	11.3	14.3

[2] Net finance costs

	31 March 2021 $m	31 March 2020 $m
Bank interest – RCF commitment and utilisation fees	0.6	0.5
Interest in respect of leases	0.6	0.5
Amortisation of RCF finance fees	0.3	-
Adjusted net finance costs	1.5	1.0
Adjustments to finance costs:		
UK Pension scheme cost – discount rate change	0.4	0.5
Change in discount rate for contingent consideration	(1.1)	-
Net finance costs	0.8	1.5

[3] Taxation

The tax charge of $1.0m (HY20: $0.1m) is comprised of an adjusted tax charge of $3.4m (HY20: $3.2m), at an adjusted effective rate of 21% (HY20: 21%), offset by the tax effects of the acquisition costs, amortisation of acquired intangibles and the defined benefit pension scheme of $2.4m (HY20: $3.1m).

[4] Loss from Discontinued Operations

The loss from discontinued operations of $1.4m in the period comprised costs associated with the divestment of milkrite | InterPuls. The prior period also contains the profit after tax of milkrite | InterPuls prior to the disposal on 25 September 2020.

[5] Restatement

The previously reported prior year adjusted performance measure comparatives have been restated for the following items: to present milkrite | InterPuls as a discontinued operation following the disposal in September 2020 and to include the pension administration costs within the adjusted performance measures as these were previously excluded.

The table below shows the reconciliation of the previously reported key measures to the restated prior half year comparatives:

	As reported 31 Mar 2020 $m	Discontinued operations $m	Pension adjustments $m	31 Mar 2020 Restated $m
Adjusted EBITDA	25.9	(7.2)	(0.6)	18.1
Adjusted operating profit	19.7	(5.1)	(0.6)	14.0
Adjusted profit for the period	15.0	(4.7)	(0.5)	9.8
Adjusted Basic earnings per share (cents)	49.3c	(15.5c)	(1.7c)	32.1c

CASH FLOW AND NET DEBT

	31 March 2021 $m	31 March 2020 $m
Cash flows from continuing operations	14.1	(13.8)
Cash flows from discontinued operations	(1.6)	6.2
Cash flows from operations	12.5	(7.6)
Net interest	(2.5)	(1.2)
Payments to pension plan	-	(1.3)
Tax	(11.0)	(1.8)
Purchase of property, plant and equipment	(2.1)	(1.7)
Capitalised development costs and purchased software	(13.7)	(2.1)
Acquisition costs	(135.2)	(93.4)
Divestment costs	(0.6)	-
Proceeds from disposal of discontinued operations	3.4	-
Investing and financing activities used in discontinued operations	-	(2.3)
Purchase of own shares	(4.3)	-
Dividends to shareholders	(7.7)	(5.2)
Net (repayment) / proceeds from loan drawdowns	(28.5)	69.3
Foreign exchange and other items	0.6	(2.8)
Decrease in net cash	(189.1)	(50.1)

Cash flows from continuing operations were $14.1m. Total capital expenditure was $15.8m (HY20: $3.8m) including $9.0m of capitalised development costs and $4.7m of IT infrastructure investment relating to the integration of the ballistic protection business.

Dividends and purchase of own shares were $12.0m (HY20: $5.2m) reflecting the 30% increase in the 2020 final dividend. Tax paid of $11.0m was principally associated with the gain following the divestment of milkrite | InterPuls offset by the receipt of the final consideration payment of $3.4m.

Cash flows from continuing operations as a percentage of adjusted EBITDA of 58.5% was impacted by the timing of revenues and the build-up of inventory both in advance of second half shipments but also to mitigate the impact of longer material lead times. With the delivery of expected revenues in the second half and the associated reduction of on hand inventory we expect cash conversion by the end of year to return in line with our normal 90%+ expectations.

Net debt at the half year was $44.1m (FY20 net cash: $118.7m), which includes lease liabilities of $31.2m (FY20: $29.0m). Excluding lease liabilities net debt was $12.9m (FY20 net cash $147.7m).

The move from a net cash to a net debt position during the half year, is principally due to the acquisition of Team Wendy which completed at the start of November for consideration of $132.0m, with associated acquisition costs of $4.3m paid in the period.

CURRENCY EFFECT AND CHANGE OF REPORTING CURRENCY

On 1 October 2020 the Group changed its reporting currency to U.S. dollars for the 2021 financial year. Following the change in reporting currency, the Group has translational exposure arising on the consolidation of UK company results into U.S. dollars. A one cent movement in the exchange rate impacts operating profit by approximately $160,000 primarily due to the UK administration and manufacturing cost base.

DIVIDENDS

The Board has declared an interim dividend of 14.3c per ordinary share, an increase of 30% on the 2020 interim dividend reflecting our continued commitment to our progressive dividend policy. This will be paid on 3 September 2021 to shareholders on the register on 6 August 2021. Following the change in reporting currency, dividends for the 2021 financial year and beyond will be set in U.S. dollars and converted into pounds sterling for payment at the prevailing exchange rate immediately prior to payment.

BOARD CHANGE

As detailed in a separate RNS announcement made by the company today, Nick Keveth, Chief Financial Officer and Executive Director, has informed the Board of his desire and intention to retire for personal reasons before the end of March 2022. This will enable him to manage the completion of the current financial year ending 30 September 2021 and to make an orderly handover of his duties to his successor.

The Board has initiated a process to search for a suitable external candidate to succeed Nick and will make a further announcement once that process has been completed.

OUTLOOK

The opening order book of $156.6m and a strong pipeline of opportunities provides excellent visibility as we enter the second half of the financial year and the Board remains confident in delivering its current year expectations.

Across the Group, with the timing of our current year revenue expectations phased more to the second half we expect our margin and cash conversion metrics to significantly improve as we benefit from greater operational efficiency, and an easing on the longer lead times for critical materials and components as we continue to manage and mitigate the ongoing supply chain impacts of COVID-19.

Having transformed the business over the last two years, we have a strong platform to deliver sustainable growth over the medium-term. We remain focused on delivering growth through our three strategic priorities of growing the core, selective product development and value enhancing acquisitions.

We believe our broad portfolio of life critical personal protection systems represents the optimum solution for the world's militaries and first responders and the strength of our customer relationships, in conjunction with our ongoing technology leadership, underpin our business. Underlying momentum in our business remains healthy and we are well placed to continue to deliver sustainable growth for the second half and beyond.

Paul McDonald
Chief Executive Officer
25 May 2021

Nick Keveth
Chief Financial Officer
25 May 2021

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 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.

Miles Ingrey-Counter
Company Secretary
25 May 2021

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 www.avon-rubber.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.

Consolidated Statement of Comprehensive Income for the half year ended 31 March 2021

	Note	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Continuing operations				
Revenue	2.1	122.0	86.5	213.6
Cost of sales		(81.1)	(54.4)	(130.1)
Gross profit		40.9	32.1	83.5
Selling and distribution costs		(10.7)	(7.8)	(17.4)
General and administrative expenses		(24.0)	(24.6)	(57.2)
Operating profit / (loss)		6.2	(0.3)	8.9
Finance costs	3.3	(1.2)	(1.0)	(2.6)
Other finance income / (expense)	3.3	0.4	(0.5)	(4.1)
Net finance costs		(0.8)	(1.5)	(6.7)
Profit / (loss) before taxation		5.4	(1.8)	2.2
Taxation	2.4	(1.0)	(0.1)	1.6
Profit / (loss) for the period from continuing operations		4.4	(1.9)	3.8
Discontinued operations				
Gain on divestment	4.3	-	-	160.7
(Loss) / profit from discontinued operations	2.2	(1.4)	3.7	6.9
Profit for the period		3.0	1.8	171.4

Consolidated Statement of Comprehensive Income for the half year ended 31 March 2021 (Continued)

	Note	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Other comprehensive income/(expense)				
Items that are not subsequently reclassified to the income statement				
Remeasurement loss recognised on retirement benefit scheme		(9.0)	(7.0)	(36.7)
Deferred tax relating to retirement benefit scheme		1.8	2.1	8.1
Cash flow hedges		-	1.3	1.7
Deferred tax relating to cash flow hedges		-	(0.2)	(0.3)
Translation reserve recycled on divestment		-	-	(0.7)
Other comprehensive expense for the period, net of taxation from continuing operations		(7.2)	(3.8)	(27.9)
Items that may be subsequently reclassified to the income statement				
Net exchange differences offset in reserves		2.4	2.4	(1.7)
Other comprehensive income/(expense) for the period, net of taxation from discontinued operations		2.4	2.4	(1.7)
Total comprehensive (expense)/ income for the period		(1.8)	0.4	141.8
Earnings per share (cents)				
Basic	2.3	9.8c	5.9c	560.5c
Diluted		9.8c	5.8c	552.9c
Earnings per share from continuing operations (cents)	2.3			
Basic		14.4c	(6.3c)	12.5c
Diluted		14.3c	(6.2c)	12.3c

Consolidated Balance Sheet

	Note	As at 31 March 2021 $m	As at 31 March 2020 (Restated) $m	As at 30 Sept 2020 (Restated) $m	As at 30 Sept 2019 (Restated) $m
Assets					
Non-current assets					
Intangible assets		206.6	102.9	89.4	43.5
Property, plant and equipment		74.6	73.5	65.9	37.7
Deferred tax assets		34.5	21.8	29.7	18.3
		315.7	198.2	185.0	99.5
Current assets					
Inventories		55.1	53.7	36.3	25.5
Trade and other receivables		54.3	62.2	46.0	43.6
Cash and cash equivalents		-	9.5	187.2	59.6
		109.4	125.4	269.5	128.7
Liabilities					
Current liabilities					
Borrowings	3.1	16.8	68.2	42.7	1.7
Trade and other payables		42.2	55.5	39.5	36.8
Derivative financial instruments		-	0.3	-	1.6
Current tax liabilities		1.5	1.3	9.6	5.1
Provisions for liabilities and charges	4.1	9.2	-	9.6	-
		69.7	125.3	101.4	45.2
Net current assets		39.7	0.1	168.1	83.5
Non-current liabilities					
Borrowings	3.1	27.3	23.3	25.8	14.3
Deferred tax liabilities		5.6	10.2	5.5	6.7
Retirement benefit obligations		95.7	73.1	79.7	66.6
Provisions for liabilities and charges	4.1	12.2	3.5	12.6	2.8
		140.8	110.1	123.6	90.4
Net assets		214.6	88.2	229.5	92.6
Shareholders' equity					
Ordinary shares	3.4	50.3	50.3	50.3	50.3
Share premium account	3.4	54.3	54.3	54.3	54.3
Other reserves		(13.2)	(10.8)	(15.6)	(13.2)
Retained earnings / (deficit)		123.2	(5.6)	140.5	1.2
Total equity		214.6	88.2	229.5	92.6

Consolidated Cash Flow Statement

	Note	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Cash flows from / (used in) operating activities				
Cash flows from / (used in) continuing operations	4.2	14.1	(13.8)	29.1
Cash flows (used in) / from discontinued operations	4.2	(1.6)	6.2	9.0
Cash flows from / (used in) operations		12.5	(7.6)	38.1
Retirement benefit deficit recovery contributions		-	(1.3)	(27.8)
Tax paid		(11.0)	(1.8)	(3.5)
Net cash flows from / (used in) operating activities		1.5	(10.7)	6.8
Cash flows (used in) / from investing activities				
Proceeds from disposal of discontinued operations		3.4	-	217.2
Costs of divestment		(0.6)	-	(10.0)
Purchase of property, plant and equipment		(2.1)	(1.7)	(7.8)
Capitalised development costs and computer software		(13.7)	(2.1)	(12.1)
Acquisition of business		(135.2)	(93.4)	(91.2)
Investing cash flows used in discontinued operations		-	(1.6)	(1.8)
Net cash (used in) / from investing activities		(148.2)	(98.8)	94.3
Cash flows used in financing activities				
Proceeds from loan drawdowns		11.0	69.3	65.5
Loan repayments		(39.5)	-	(27.5)
Finance costs paid in respect of bank loans and overdrafts		(0.3)	(0.1)	(1.1)
Finance costs paid in respect of leases		(0.2)	(0.4)	(1.0)
Repayment of lease liability		(2.0)	(0.7)	(2.0)
Dividends paid to shareholders		(7.7)	(5.2)	(8.9)
Purchase of own shares		(4.3)	-	-
Financing cashflows used in discontinued operations		-	(0.7)	(0.8)
Net cash (used in) / from financing activities		(43.0)	62.2	24.2
Net (decrease) / increase in cash, cash equivalents and bank		(189.7)	(47.3)	125.3
Cash, cash equivalents, and bank overdrafts at beginning of the period		187.2	59.6	59.6
Effects of exchange rate changes		0.6	(2.8)	2.3
Cash, cash equivalents and bank overdrafts at end of the period		(1.9)	9.5	187.2

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium	Other reserves	Retained earnings / (deficit) (Restated)	Total equity (Restated)
		$m	$m	$m	$m	$m
At 30 September 2019		**50.3**	**54.3**	**(13.2)**	**1.2**	**92.6**
Profit for the period		-	-	-	1.8	1.8
Net exchange differences offset in reserves		-	-	2.4	-	2.4
Cash flow hedges		-	-	-	1.3	1.3
Deferred tax relating to cash flow hedges					(0.2)	(0.2)
Actuarial loss recognised on retirement benefit scheme		-	-	-	(7.0)	(7.0)
Deferred tax relating to retirement benefit scheme					2.1	2.1
Total comprehensive income for the period		-	-	2.4	(2.0)	0.4
Dividends paid		-	-	-	(5.2)	(5.2)
Fair value of share-based payments		-	-	-	0.4	0.4
At 31 March 2020 (restated)		**50.3**	**54.3**	**(10.8)**	**(5.6)**	**88.2**
Profit for the period		-	-	-	169.6	169.6
Net exchange differences offset in reserves		-	-	(4.1)	-	(4.1)
Cash flow hedges		-	-	-	0.4	0.4
Deferred tax relating to cash flow hedges		-	-	-	(0.1)	(0.1)
Translation reserve recycled to P&L on divestment		-	-	(0.7)	-	(0.7)
Actuarial loss recognised on retirement benefit scheme		-	-	-	(29.7)	(29.7)
Deferred tax relating to retirement benefit scheme		-	-	-	6.0	6.0
Total comprehensive income for the period		-	-	(4.8)	146.2	141.4
Dividends paid		-	-	-	(3.7)	(3.7)
Fair value of share-based payments		-	-	-	1.8	1.8
Deferred tax relating to employee share schemes		-	-	-	1.8	1.8
At 30 September 2020 (restated)		**50.3**	**54.3**	**(15.6)**	**140.5**	**229.5**
Profit for the period		-	-	-	3.0	3.0
Net exchange differences offset in reserves		-	-	2.4	-	2.4
Actuarial loss recognised on retirement benefit scheme		-	-	-	(9.0)	(9.0)
Deferred tax relating to retirement benefit scheme		-	-	-	1.8	1.8
Total comprehensive income for the period		-	-	2.4	(4.2)	(1.8)
Dividends paid	3.5	-	-	-	(7.7)	(7.7)
Deferred tax relating to employee share schemes		-	-	-	(1.8)	(1.8)
Own shares acquired	3.4	-	-	-	(4.3)	(4.3)
Fair value of share-based payments		-	-	-	0.7	0.7
At 31 March 2021		**50.3**	**54.3**	**(13.2)**	**123.2**	**214.6**

Other reserves consist of the capital redemption reserve of $0.7m (31 March 2020: $0.7m, 30 September 2019: $0.7m) and the translation reserve of ($13.9m) (31 March 2020: ($11.5m), 30 September 2020: ($16.3m).

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 25 May 2021. The financial information set out in this document does not constitute the Group's statutory accounts for the period ended 30 March 2021 or 30 September 2020. Statutory accounts for the year ended 30 September 2020 were approved by the Board of Directors on 2 December 2020 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 half year ended 31 March 2021 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the United Kingdom. These interim financial results should be read in conjunction with the annual financial statements for the year ended 30 September 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

Based on the Group's funding position, budgets for 2021, and three-year plan, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The unprecedented COVID-19 crisis is affecting all the key markets and locations of the Group but has not significantly impacted financial performance to date and the Group has continued to trade in line with expectations. Given the business remains robust with good liquidity, a strong balance sheet and excellent medium-term revenue visibility, the Directors remain confident of achieving expectations for the current financial year. For these reasons the Directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

The financial information presented in this Interim Report has been prepared in accordance with the accounting policies expected to be used in preparing the 2021 Annual Report and Accounts which do not differ significantly from those used in the preparation of the 2020 Annual Report and Accounts.

From 1 October 2020 the Group changed its reporting currency to U.S. dollars. Comparatives for prior periods have been restated in U.S dollars.

The comparators for the half year to 31 March 2020 have also been restated to reflect the treatment of milkrite | InterPuls as a discontinued operation and to reflect the prior year pension adjustment included in the financial statements for the year ended 30 September 2020. See note 4.7 for further details.

Section 2: Results for the Period

2.1 Operating segments

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

Following the divestment of milkrite I InterPuls the Group has one clearly defined reportable segment, which is made up of two aggregated operating segments, Avon Protection and Team Wendy and operates primarily out of Europe and the U.S. The presentation of the two operating segments as a single reportable segment is considered appropriate due to the very close alignment of customers, markets, manufacturing processes, distribution methods and regulatory environment across the underlying business.

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Revenue	122.0	86.5	213.6
Segment result	24.1	18.1	49.0
Unallocated expense	(4.3)	(11.2)	(21.4)
Depreciation and amortisation	(13.6)	(7.2)	(18.7)
Operating profit / (loss)	6.2	(0.3)	8.9
Net finance costs	(0.8)	(1.5)	(6.7)
Profit / (loss) before taxation	5.4	(1.8)	2.2
Taxation	(1.0)	(0.1)	1.6
Profit / (loss) for the period from continuing operations	4.4	(1.9)	3.8
Discontinued operations – (loss)/ profit for the period	(1.4)	3.7	167.6
Profit for the period	3.0	1.8	171.4
Segment assets	425.1	323.6	454.5
Segment liabilities	(210.5)	(235.4)	(225.0)
Other segment items			
Capital expenditure			
- Intangible assets	13.7	2.1	12.1
- Property, plant and equipment	2.1	1.7	7.8

Revenue analysed by geographic region by origin

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 31 Sept 2020 (Restated) $m
Europe	**13.6**	8.0	19.3
US	**108.4**	78.5	194.3
Total	**122.0**	86.5	213.6

Revenue by line of business and nature of performance obligation

Half Year to 31 March 2021	Military $m	First Responder $m	Team Wendy $m	Eliminations $m	Total $m
Sale of Goods[1]	73.8	27.2	20.5	(0.2)	121.3
Provision of services [2]	0.5	0.2	-	-	0.7
	74.3	**27.4**	**20.5**	**(0.2)**	**122.0**

Half Year to 31 March 2020 (Restated)	Military $m	First Responder $m	Team Wendy $m	Eliminations $m	Total $m
Sale of Goods[1]	61.6	22.9	-	-	84.5
Provision of services [2]	1.9	0.1	-	-	2.0
	63.5	23.0	-	-	86.5

Year to 30 September 2020 (Restated)	Military $m	First Responder $m	Team Wendy $m	Eliminations $m	Total $m
Sale of Goods[1]	147.5	63.0	-	-	210.5
Provision of services [2]	2.7	0.4	-	-	3.1
	150.2	63.4	-	-	213.6

[1] Products transferred to the customer and therefore revenue recognised at a point in time.

[2] Products and services transferred over time and therefore revenue recognised over that period of time.

2.2 Discontinued Operations

In September 2020 the Group divested the entire milkrite | InterPuls business. As a result of the divestment the milkrite | InterPuls business has been classified as discontinued and prior periods have been restated to reflect this. As part of the sale and purchase agreement, the Group entered into a Manufacturing Service Agreement with the purchasers of milkrite | InterPuls to support ongoing manufacturing whilst arrangements are made to relocate manufacturing equipment from a previously shared UK facility. The Group also entered into agreements to provide certain other information technology and administrative services under a 12-month Transitional Services Agreement. As the activities under these agreements are not part of the continuing operations of the Group, the revenue and costs associated with these agreements have been classified as discontinued operations in the half year to 31 March 2021.

The results of discontinued operations are as follows:

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Revenue	2.0	33.8	68.6
Cost of Sales	(2.8)	(17.9)	(35.7)
Gross (loss) / profit	(0.8)	15.9	32.9
Selling and distribution costs	-	(6.5)	(12.0)
General and administrative expenses	(1.0)	(5.3)	(12.9)
Operating (loss) / profit	(1.8)	4.1	8.0
Finance costs	-	(0.1)	(0.1)
Profit before taxation	(1.8)	4.0	7.9
Taxation	0.4	(0.3)	(1.0)
(Loss) / profit for the period	(1.4)	3.7	6.9
Gain on divestment (note 4.3)	-	-	172.4
Tax on gain on divestment	-	-	(11.7)
Gain on divestment	-	-	160.7
(Loss) / profit from discontinued operations	(1.4)	3.7	167.6
Basic earnings per share (cents)	(4.6c)	12.2c	548.0c
Diluted earnings per share (cents)	(4.6c)	12.0c	540.6c

2.3 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 in the employee share ownership trust. 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 the calculations are set out below:

Weighted average number of shares

	Half year to 31 March 2021	Half year to 31 March 2020	Year to 30 Sept 2020
Weighted average number of ordinary shares in issue used in basic calculations (thousands)	30,649	30,527	30,576
Potentially dilutive shares (weighted average) (thousands)	246	383	423
Fully diluted number of ordinary shares (weighted average) (thousands)	30,895	30,910	30,999

Earnings

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Basic	3.0	1.8	171.4
Basic – continuing operations	4.4	(1.9)	3.8

Earnings per share (cents)

	Half year to 31 March 2021	Half year to 31 March 2020 (Restated)	Year to 30 Sept 2020 (Restated)
Basic	9.8c	5.9c	560.5c
Basic – continuing operations	14.4c	(6.3c)	12.5c
Basic – discontinued operations	(4.6c)	12.2c	548.0c
Diluted	9.8c	5.8c	552.9c
Diluted – continuing operations	14.3c	(6.2c)	12.3c
Diluted – discontinued operations	(4.6c)	12.0c	540.6c

2.4 Taxation

	Half year to 31 March 2021 $m	Half year to 31 March 2021 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Profit / (loss) before taxation	5.4	(1.8)	2.2
Profit / (loss) before taxation at the average standard rate of 19.0% (2020: 19.0%)	1.0	(0.3)	0.4
Differences in overseas tax rates	-	0.4	(2.0)
Tax charge/(credit)	1.0	0.1	(1.6)

The effective tax rate for the period is a charge of 18.5% (31 March 2020: charge of 5.6%, 30 September 2020: credit of 72.7%).

Section 3: Funding

The Group has maintained a strong balance sheet in order to fund its growth strategy and make further acquisitions. Additional funding is available via undrawn committed facilities.

The following section provides disclosures about the Group's funding position.

3.1 Borrowings

	As at 31 March 2021 $m	As at 31 March 2020 (Restated) $m	As at 30 Sept 2020 (Restated) $m
Current			
Overdrafts	1.9	-	-
Bank Loans	11.0	65.6	39.5
Lease liabilities	3.9	2.6	3.2
	16.8	68.2	42.7
Non-Current			
Lease liabilities	27.3	23.3	25.8
Total Group facilities	44.1	91.5	68.5

The table below presents the maturity analysis in respect of lease liabilities:

	As at 31 March 2021 $m	As at 31 March 2020 (Restated) $m	As at 30 Sept 2020 (Restated) $m
In one year or less, or on demand	3.9	2.6	3.2
Two to five years	16.0	11.6	14.0
More than five years	11.3	11.7	11.8
Total lease liabilities	31.2	25.9	29.0

The Group has the following committed facilities:

	As at 31 March 2021 $m	As at 31 March 2020 (Restated) $m	As at 30 Sept 2020 (Restated) $m
Expiring beyond one year:			
Total undrawn committed borrowing facilities	191.7	19.0	165.1
Bank loans and overdrafts utilised	12.9	65.6	39.5
Utilised in respect of guarantees	0.4	0.4	0.4
Total Group facilities	205.0	85.0	205.0

All facilities are at floating interest rates.

During the prior year the Group refinanced its revolving credit facility. The new facility has total commitments of $200m across six lenders with an accordion option of an additional $50m. The facility has a three-year term ending 8 September 2023 with two separate one-year extensions give a possible five-year duration in total. The facility is priced by reference to the dollar LIBOR interest rate plus a margin of between 1.45–2.35% depending on leverage and includes financial covenants which are measured on a semi-annual basis. The Group also has separate $5m overdraft facility with Comerica. The Group has complied with its financial covenants during 2021 and 2020. The Group has provided the lenders with a negative pledge in respect of certain shares in Group companies.

The effective interest rates at the balance sheet dates were as follows:

	Half Year to 31 March 2021		Half Year to 31 March 2020	
	Sterling %	Dollar %	Sterling %	Dollar %
Bank loans	-	1.82	-	1.85
Lease liabilities	6.50	2.50	6.50	2.50

3.2 Analysis of net cash/debt

	As at 30 Sept 2020 (Restated) $m	Team Wendy Acquisition $m	Cash flow $m	Non-cash movements $m	Exchange movements $m	As at 31 March 2021 $m
Cash at bank and in hand/(overdrafts)	187.2	(130.9)	(57.7)	-	0.6	(0.8)
Cash acquired	-	(1.1)	-	-	-	(1.1)
Cash at bank and in hand/(overdrafts)	187.2	(132.0)	(57.7)	-	0.6	(1.9)
Bank loans due in less than one year	(39.5)	-	28.5	-	-	(11.0)
Net cash and bank loans	147.7	(132.0)	(29.2)	-	0.6	(12.9)
Lease Liabilities	(29.0)	(3.2)	2.2	(0.7)	(0.5)	(31.2)
Net cash/(debt)	118.7	(135.2)	(27.0)	(0.7)	0.1	(44.1)

3.3 Net finance costs

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) $m
Interest payable on bank loans and overdrafts	(0.6)	(0.5)	(1.4)
Interest payable in respect of leases	(0.6)	(0.5)	(1.2)
Net finance costs	(1.2)	(1.0)	(2.6)

Other finance expense

	Half year to 31 March 2021 $m	Half year to 31 March 2020 (Restated) $m	Year to 30 Sept 2020 (Restated) £m
U.K. defined benefit pension scheme net interest expense	(0.4)	(0.5)	(1.0)
Amortisation of finance fees	(0.3)	-	(0.4)
Change in discount on contingent consideration (note 4.1)	1.1	-	(2.7)
Net other finance income / (expense)	0.4	(0.5)	(4.1)

3.4 Equity

Share Capital

	No. of shares as at 31 March 2021	Ordinary shares as at 31 March 2021 $m	Share premium as at 31 March 2021 $m	No. of shares as at 30 March 2020	Ordinary shares as at 30 March 2020 $m	Share premium as at 30 March 2020 $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

	As at 31 March 2021 No. of shares	As at 31 March 2020 No. of shares	As at 30 Sept 2020 No. of shares
Balance at 1 October	398,560	506,274	506,274
Acquired in the period	95,855	-	-
Issued to employees on exercise of options	(159,482)	(107,714)	(107,714)
At 31 March	334,933	398,560	398,560

Own shares held represent shares held in trust in respect of awards made under the Avon Rubber p.l.c. Long Term Incentive Plan. Dividends on these shares have been waived. The market value of the shares held in the trust at 31 March 2021 was $14.6m (31 March 2020: $11.4m, 30 September 2020: $21.5m). These shares are held at cost as treasury shares and deducted from shareholders' equity.

Since 30 September 2020 95,855 shares were acquired by the Avon ESOT No 1 trust for a cost of $4.3m. In January 2021 159,482 shares vested under the Avon Rubber p.l.c. Long Term Incentive Plan and were distributed to employees.

3.5 Dividends

On 29 January 2021, the shareholders approved a final dividend of 18.04p per qualifying ordinary share in respect of the year ended 30 September 2020. This was paid on 13 March 2021 utilising $7.7m of shareholders' funds.

The Board of Directors has declared an interim dividend of 14.3c (2019: 9.02p (11.0c)) per qualifying ordinary share in respect of the year ending 30 September 2021. This interim dividend will be paid in sterling at the prevailing exchange rate immediately prior to payment on 3 September 2021 to shareholders on the register at the close of business on 6 August 2021. In accordance with accounting standards, this dividend has not been provided for. It will be recognised in shareholders' funds in the year to 30 September 2021 and is expected to utilise $4.4m (2020: $3.4m) of shareholders' funds.

Section 4: Other

4.1 Provisions for liabilities and charges

	Property Obligations	Contingent consideration	Total
	$m	$m	$m
Balance at 30 September 2020	2.7	19.5	22.2
Change in discount on provisions	-	(1.1)	(1.1)
Foreign exchange movements	0.3	-	0.3
Balance at 31 March 2021	**3.0**	**18.4**	**21.4**

	As at 31 March 2021	As at 31 March 2020 (Restated)	As at 30 Sept 2020 (Restated)
Analysis of total provisions	$m	$m	$m
Non-current	12.2	3.5	12.6
Current	9.2	-	9.6
Total provisions	21.4	3.5	22.2

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

The purchase consideration in relation to the Helmets & Armor acquisition included contingent consideration up to a maximum of $25.0m depending on the outcome of certain tenders which were pending at the acquisition date and the level of sales which were generated on these contracts if secured. At acquisition the fair value of the contingent consideration was recognised as $20.0m based on the expected value and timing of those payments after applying a discount rate of 12% to reflect the risk in the cashflows at that date.

The contract that triggered the contingent consideration was awarded shortly after the acquisition date and an initial order was subsequently received resulting in the first payment of $3.4m being made during the year ended 30 September 2020. At the balance sheet date, taking account of the change in fair value in relation to the contingent consideration of $1.8m, the remaining contingent consideration is presented as a provision with a fair value of $18.4m being the present value of the future expected cashflows relating to the contract. Current expectations are that the contingent consideration will be settled in full over the next three years as the level of sales which triggers full payment of the consideration $240.5m is considered to be very achievable and therefore highly probable. The range of possible outcomes is additional payments between nil and $21.5m, there has been no change in the range of expected outcomes during the period.

4.2 Cash flows from operations

	Half year to 31 March 2021	Half year 31 March 2020 (Restated)	Year to 30 Sep 2020 (Restated)
	$m	$m	$m
Continuing operations			
Profit for the period	4.4	(1.9)	3.8
Adjustments for:			
Taxation	1.0	(0.1)	(0.3)
Depreciation	4.5	1.6	6.5
Amortisation of intangible assets	9.1	4.2	12.2
Defined benefit pension scheme cost	0.4	0.5	0.9
Finance costs	1.2	1.4	2.6
Other finance (income) / expense	(0.4)	0.5	4.1
Fair value of share-based payments	0.7	0.4	1.8
(Increase)/decrease in inventories	(5.9)	(1.7)	(2.4)
(Increase)/decrease in receivables	(5.4)	(16.7)	(1.9)
Increase/(decrease) in payables and provisions	4.5	(2.0)	1.8
Cash flows from continuing operations	14.1	(13.8)	29.1
Discontinued operations			
Profit for the period	(1.4)	3.8	167.6
Adjustments for:			
Taxation	(0.4)	0.5	1.0
Depreciation	-	1.4	3.6
Amortisation of intangible assets	-	2.5	4.7
Finance income	-	-	-
Finance costs	-	1.1	0.1
Gain on divestment	-	-	(160.7)
(Increase)/decrease in inventories	-	(1.7)	(1.0)
(Increase)/decrease in receivables	-	(1.1)	(8.3)
Increase/(decrease) in payables and provisions	0.2	(0.3)	2.0
Cash flows from discontinued operations	(1.6)	6.2	9.0
Cash flows from operations	12.5	(7.6)	38.1

4.3 Acquisitions & Divestments

Acquisition – Team Wendy

The results of the Team Wendy business are consolidated for the first time in the current period's financial statements as the acquisition was completed and control passed on 2 November 2020.

The Group acquired 100% of the equity for a total consideration of $132.0m, being the $130.0m initial consideration and purchase price adjustments of $2.0m reflecting the cash and working capital position at close. The net assets acquired had a book value of $22.3m before fair value adjustments.
Set out below is an analysis of the assigned fair values of the assets acquired and liabilities assumed relating to this acquisition:

	Fair value $m
Customer relationships	28.2
Brand	10.4
Other intangible assets	13.1
Property, plant and equipment	8.7
Inventories	12.2
Trade Debtors and other receivables	5.8
Cash	1.1
Lease liability	(3.1)
Trade and other payables	(2.7)
Net assets acquired	73.7
Goodwill	58.3
Total consideration	132.0

Initial cash consideration	130.0
Post completion working capital adjustment	0.9
Cash acquired	1.1
Total consideration	132.0

Goodwill of $58.3m was recognised in respect of this acquisition, representing the amount paid for future sales growth from both new customers and new products, operating cost synergies and employee know-how. 100% of the value of goodwill is expected to be deductible for tax purposes.

From the date of acquisition to 31 March 2021, Team Wendy contributed $20.5m to revenue and reported an operating profit of $1.8m. The operating profit is stated after amortisation of acquired intangibles of $1.8m and expensing the $2.4m inventory fair value step up following the sell through of the acquired inventory.

Acquisition costs of $0.7m were expensed in the half year, following the recognition of $8.5m of such costs, including legal, due diligence and tax advisory fees during the 2020 financial year. Acquisition costs of $4.3m were paid in the period (2020 $4.8m).

Acquisition – 3M's ballistic protection business

The acquisition of the 3M ballistic protection business and the rights to the Ceradyne brand completed on 2 January 2020. The acquisition took the form of a trade and assets purchase.

Set out below is an analysis of the assigned fair values of the assets acquired and liabilities assumed relating to this acquisition:

	Fair value $m
Customer relationships	25.2
Brand	2.3
Other intangible assets	9.8
Property, plant and equipment	37.2
Inventories	17.9
Other assets	0.6
Lease liability	(11.2)
Accruals	(1.4)
Dilapidations provisions	(0.8)
Deferred tax	0.4
Net assets acquired	80.0
Goodwill	27.2
Total	107.2
Cash paid excluding acquisition expenses	89.4
Post completion inventory true up due from 3M	(2.2)
Fair value of deferred contingent consideration *	20.0
Total consideration	107.2

* $3.4m of the deferred contingent consideration payable was paid during the year ending 30 September 2020.

Goodwill of $27.2m was recognised in respect of this acquisition, representing the amount paid for future sales growth from both new customers and new products, operating cost synergies and employee know-how. 100% of the value of goodwill is deductible for tax purposes.

Divestment – milkrite | InterPuls

In September 2020, the Group divested milkrite | InterPuls to DeLaval Holding BV for a cash consideration of $227.3m after customary closing adjustments.

	$m
Total consideration received	227.3
Net assets disposed	(44.3)
Costs of divestment	(11.3)
Translation reserve recycled to profit and loss on divestment	0.7
Gain on divestment	172.4
Tax on gain on divestment	(11.7)
Gain on divestment after tax	160.7

Assets and liabilities at the date of divestment were:

	$m
Intangible assets	18.2
Property, plant and equipment	17.8
Inventories	7.6
Cash	3.4
Receivables	10.1
Payables	(6.0)
Other liabilities	(6.8)
Total net assets disposed	44.3

4.4 Exchange rates

The following significant exchange rates applied during the period.

	Average rate 31 March 2021	Closing rate 31 March 2021	Average rate 31 March 2020	Closing rate 31 March 2020	Average rate 30 Sept 2020	Closing rate 30 Sept 2020
GBP	0.7423	0.7253	0.7794	0.8177	0.7842	0.7854

Fair value of financial instruments

The fair value of forward exchange contracts is determined by using valuation techniques using period end spot rates, adjusted for the forward points to the contract's value date.

4.5 Principal risks and uncertainties

The principal risks and uncertainties impacting the Group are described on pages 40-45 of our 2020 Annual Report and remain largely unchanged at 31 March 2021.

The principal risks include strategic initiatives, market threat to core business, talent management, cybersecurity and information technology, customer dependency, financial management, manufacturing risk, compliance and legal matters and political and economic instability.

The COVID-19 pandemic is affecting all the key markets and locations of the Group. The business has continued to operate throughout the crisis so far and there has been no significant disruption to our trading and no significant impact on our financial performance to date. The Directors continue to closely manage and monitor the impact on the business whilst prioritising the safety and wellbeing of employees and their families.

As noted in the 2020 Annual Report we are less exposed to the political instability and potential impact on trading from Brexit as our US-based businesses currently constitute around eighty percent of the Group. The Directors remain active in continuing to monitor the potential impacts from the situation.

4.6 Related party transactions

There were no related party transactions during the period or outstanding at the end of the period (2020: nil) other than compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 30 September 2021.

4.7 Restatements

The comparatives for the half year to 31 March 2020 have been restated for the following items:

Firstly, to present the comparatives in US$. Please see note 4.8 for details.

Secondly, to present the milkrite | InterPuls business as discontinued operations following the divestment in September 2020.

Finally, during the second half of the year ended 30 September 2020 the Directors identified that the retirement benefit obligation was understated in prior years due to it not including the cost of equalising the benefits between male and female pension scheme members under the Barber equalisation ruling of May 1990 in respect of years 1990–1992. The financial statements for the half year ended 31 March 2020 have been restated in the 2021 interim statements, the results for the year ended 30 September 2019 were previously restated in the 2020 financial statements to correct this understatement.

A reconciliation of the previously reported figures for the half year to 31 March 2020 to the restated figures for key measures is presented below:

Impact on performance measures

	As reported 31 March 2020 $m	Discontinued Operations $m	Restated 31 March 2020 $m
Operating profit	3.8	(4.1)	(0.3)
Profit for the half year	1.8	(3.7)	(1.9)
Earnings per share (cents)	5.9c	(12.2c)	(6.3c)

Impact on Net Assets

	As reported 31 March 2020 $m	Change in Accounting Policy $m	Discontinued Operations $m	Pension Adjustments $m	Restated 31 March 2020 $m
Net assets	96.4	-	-	(8.2)	88.2

4.8 Change in accounting policy

The Directors have elected to change the Group's reporting currency from Sterling to United States (US) dollars effective from 1 October 2020. The change in reporting currency is a voluntary change which is accounted for retrospectively. All other accounting policies are consistent with those adopted in the annual report and accounts for the year ended 30 September 2020. The financial statements have been restated to US dollars using the procedures outlined below:

Consolidated Statement of Comprehensive Income and Statement of Cash Flows

The Consolidated Statement of Comprehensive Income and Statement of cash flows have been translated by extracting the actual underlying transactions in US$ from the ledgers of the US subsidiaries and adding them to the results of non-US$ functional subsidiaries using average monthly exchange rates for the period.

Earnings per share and dividend disclosures have been restated to US dollars to reflect the change in reporting currency.

Consolidated Balance Sheet

Assets and liabilities in the Consolidated Balance Sheet have been translated into US dollars at the closing foreign exchange rates at the relevant balance sheet dates.

The equity section of the Consolidated Balance sheet, including, share capital, share premium, foreign currency translation reserve, retained earnings and other reserves have been translated into US dollars using historical rates.