Mears Group PLC
("Mears" or the "Group" or the "Company")
Interim Results for the 6 months ended 30 June 2024
Excellent first half performance and positive outlook

Mears Group PLC, the leading provider of services to the Affordable Housing sector in the UK, announces its interim financial results for the six months ended 30 June 2024 ("H1 2024").

Financial Highlights

- Revenues up 10% year-on-year to £580.0m (2023: £525.6m)
- Profit before tax increased by 44% to £30.5m (2023: £21.2m)
    - Operating margin (pre-IFRS 16) continues to strengthen to 5.2% (2023: 4.0%)
- Strong conversion of EBITDA to Operating cash reflecting quality of earnings
    - Cash conversion at 119% of EBITDA (2023: 117%)
    - Average daily net cash of £66.4m (2023: £57.4m)
- Normalised diluted EPS up 68% to 22.84p (2023: 13.63p) driven by profit growth and augmented by a 12% reduction in the shares in issue over the last twelve months
- Interim dividend of 4.75p (2023: 3.70p), an increase of 28%, reflecting continued strong cash performance and Board's confidence in future prospects
- Completed third share buyback programme; £20.0m cash consideration, 5.6m shares at an average price of 359p, bringing the total of cash returned via buybacks to £53m since May 2023
- Further Employee Benefit Trust ('EBT') purchases; £6.2m of cash consideration, 1.7m shares at an average price of 365p

	H1 2024	H1 2023	Change %
Revenue	**£580.0m**	**£525.6m**	+10%
Statutory profit before tax	**£30.5m**	**£21.2m**	+44%
Statutory diluted EPS	**23.12p**	**14.09p**	+64%
Normalised diluted EPS*	**22.84p**	**13.63p**	+68%
Interim dividend per share	**4.75p**	**3.70p**	+28%
Average daily net cash*	**£66.4m**	**£57.4m**	+16%

** - see Alternative Performance Measures for definitions and reconciliation to statutory measures*

Operational Highlights

- Sustained high levels of customer satisfaction 90% (FY23: 90%)
- Further progress in employee engagement and workforce retention
- Positive momentum in bidding pipeline underpins organic growth strategy
    - Securing the award of the new North Lanarkshire Council ('NLC') contract. The new contract opportunity is for a minimum of eight years and is expected to deliver annual revenues of over £125m, a significant increase on the previous contract
- Solid progress in supporting clients in securing grants through the Social Housing Decarbonisation Fund ('SHDF'). To date, the Group has secured over £50m of funding through Waves 1 and 2, including £10m of funding secured during the first half. The Group is currently submitting applications in respect of Wave 3 and is well positioned

Current trading and outlook

- The positive momentum achieved in the first six months of 2024 has continued into the second half. The Board now anticipates revenue for the full year of approximately £1.1bn, with adjusted profit before tax in a range of £53m-£55m, ahead of current market expectations.
- Whilst the Board remains cautious around the expected normalisation of Management-led activities, the enhanced operational and commercial focus is driving improvements to the underlying business to mitigate the profit impact from any revenue reduction in FY25 and beyond.

Lucas Critchley, Chief Executive Officer of the Group, commented:

"Trading in the first half has been excellent across the Group and is reflected in a strong set of interim numbers. We have made good progress in the first half, with a focus on developing and broadening the range of services we offer to clients. In addition, an increased operational focus, making fuller use of the Group's IT system capabilities, is resulting in operational and commercial improvements, and is evident in the continued progress in operating margins."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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About Mears

Mears is a leading provider of services to the Housing sector, providing a range of services to individuals within their homes. We manage and maintain around 450,000 homes across the UK and work predominantly with Central Government and Local Government, typically through long-term contracts. We equally consider the residents of the homes that we manage and maintain to be our customers, and we take pride in the high levels of customer satisfaction that we achieve.

Mears currently employs over 5,000 people and provides services in every region of the UK. In partnership with our Housing clients, we provide property management and maintenance services. Mears has extended its activities to provide broader housing solutions to solve the challenge posed by the lack of affordable housing and to provide accommodation and support for the most vulnerable.

We focus on long-term outcomes for people rather than short-term solutions and invest in innovations that have a positive impact on people's quality of life and on their communities' social, economic, and environmental wellbeing. Our innovative approaches and market leading positions are intended to create value for our customers and the people they serve while also driving sustainable financial returns for our providers of capital, especially our shareholders.

INTERIM STATEMENT

INTRODUCTION

The Board is delighted to report another strong period of trading. The Group has continued to deliver strong operational performance, and it is pleasing to see this evident in excellent financial results. Our singular focus on Housing, underpinned by an extensive knowledge and understanding of the market, and a strong empathy for our service users and tenants, is a positive and enables the Group to continue developing its services. The Group has benefited over many years from its market-leading, proprietary IT system and this is an area where we are continuing to invest, recognising that enhancement of the system's functionality is required to support a broader service offering to our clients and to increase the addressable market opportunity.

OPERATING REVIEW

	H1 2024 £m	H1 2023 £m	FY 2023 £m
Revenue			
Maintenance-led	**280.1**	271.6	543.3
Management-led	**299.9**	251.7	543.3
Development	**-**	2.3	2.7
Total	**580.0**	525.6	1,089.3
Operating profit measures:			
Statutory operating profit	**34.2**	23.7	52.2
Adjusted operating profit (pre-IFRS 16)*	**30.3**	20.8	51.4
Operating profit margin (pre-IFRS 16)*	**5.2%**	4.0%	4.7%
Profit before tax measures:			
Statutory profit before tax	**30.5**	21.2	46.9

** - see Alternative Performance Measures for definitions and reconciliation to statutory measures*

It is particularly encouraging to see strong financial performance in all areas of the business. Group revenues increased to £580m, an increase of 10%, all organic. Operating margin (pre IFRS 16) was also up strongly at 5.2% (2023: 4.0%) and profit before tax was £30.5m, an increase of 44% (2023: £21.2m).

The Group continues to see an elevated level of revenue in its Management-led activities, predominantly driven by immigration-related services. As expected, the run-rate stepped down late in the first half, which will be fully reflected in the second-half trading. However, revenues remain at levels that are above those originally envisaged and it remains hard to predict when this will reduce to a normalised level. The normalisation has been slower than expected and the Group is focussed on maintaining operating margins through a period where it will be rebalancing the property portfolio used to house service users.

The Group has seen an extension to the services that it delivers to the MOD, with a new workstream linked to the Afghan Resettlement Accommodation Programme, aiding those individuals and their families who assisted the UK Government, supporting them in their relocation and with accommodation. The mobilisation commenced late in FY23 and went live at the start of FY24 and it is expected that Mears will deliver this service over the next three years.

Securing the award of the new North Lanarkshire Council ('NLC') contract was a particular highlight of the first half. The previous contract was already the Group's largest Maintenance-led contract and, as such, a key contract retention target for the Group. Mears has worked closely with NLC since 2012, with a shared commitment to deliver excellent services to residents. Contract performance had been consistently high. Mears, following a tender process which ran for over two years, was identified as the only viable bidder that could deliver against the Council's ambitious vision. The new contract opportunity is expected to deliver annual revenues of over £125m, doubling the revenues delivered under the former contract. The contract runs for a minimum of eight years, plus a further four years subject to extensions. The new contract will see the Group providing reactive maintenance, statutory compliance, servicing and inspection services, as well as programmes of planned works to the Council's housing assets (approximately 37,000 homes) and corporate assets (approximately 1,200 buildings).

With the exception of the NLC tender, the first half has been a quiet period for new contract bidding. The Group was pleased to renew its contract with Medway Council, a relationship held since 2010. The new contract will see the Group providing reactive maintenance, voids, planned and energy works to the Council's housing stock of over 3,000 units. The new contract, with a base contract length of six years (and up to 12 years subject to extension), carries an increased annual value of £7m.

The Group has previously stated that it expected 2025 to be a busy period of re-bidding, with several existing contracts expiring during that year. It is positive therefore that a number of these contracts have now been extended beyond 2025, reducing the potential distraction from such a high number of rebids in a single period.

There was one new bidding opportunity where the Group had considered itself to be well placed, which was not converted; whilst the Group scored well in terms of its quality submission, the pricing was at a level which was not acceptable. The Group will continue to maintain a disciplined bidding approach and will not compromise on pricing, remaining focused on delivering an operating margin of over 5%.

Management has stated its ambition to see the Group operating margin return to its historical level and has previously detailed the various steps taken to deliver margin improvements, including exiting certain low margin contracts, adopting an increasingly disciplined approach to new contract bidding, and driving commercial improvements. This enabled the headline pre-IFRS 16 operating profit margin to pass through the 5.0% level in the period. Whilst the underlying performance of the business has strengthened over recent years, the elevated Management-led revenues naturally bring economies of scale and high overhead absorption. The focus of the Board is to maintain the operating margin at this higher level once the current Management-led revenues have normalised.

The business has introduced a reinvigorated commercial review process across the core business which places increased emphasis upon fully utilising the Mears Contract Management ('MCM') frontline system and ensuring strict adherence to business processes, measured by a focussed set of key performance measures. Whilst the commercial review process has enforced a strict regime of compliance with business processes, it has been very pleasing to see the extent to which this process has been embraced by local branch managers. Visible improvements, both financial and non-financial, are being delivered across every branch, while sustaining key elements of local autonomy.

Over recent years, Mears created an end-to-end decarbonisation service to support clients with the huge challenge of improving social housing stock. The Group has continued to perform well in supporting clients in securing grants through the SHDF. The original Government commitment was to provide £3.8bn of funding over a 10-year period and is released in 'waves' over that period. To date, c. £1.0bn of funding has been awarded, of which Mears has secured over £50m of matched funding for its clients, which typically makes-up around 40% of the project value. Mears will deliver around £120m of decarbonisation and retrofit works through 2024 and 2025. The figures quoted include works secured with Eastbourne Homes, Thurrock Borough Council and Gentoo during the first half, accounting for in excess of £20m of retrofit works. The next tranche of SHDF funding, Wave 3, is estimated to be £1.25bn, and will underpin the Group's decarbonisation activity in 2026 to 2028. The acquisition of IRT in 2022 has been a significant factor in the excellent progress made in securing opportunities in this area.

DELIVERING OUR STRATEGY

During the first half, the Group has placed particular emphasis towards delivering long-term growth to its Maintenance-led activities which has been one area where the Group has fallen short of its previously stated ambitions. The Group is extending its service capabilities to areas such as asset management and compliance where there is a significant and growing market opportunity, driven by increasing regulation. In addition, the Group is also expanding its capacity to support the increasing opportunities around retrofit and other associated planned works. The first half has seen an acceleration of investment in the Group's front-line IT platform, MCM, to support this expansion in services.

During the first half, there has been significant focus placed on updating the Group's long-term Strategic Plan. This review is ongoing and whilst it is too early to communicate the finer detail, the focus thus far has been upon evolving the business to strengthen Mears' capability to deliver revenue and margin growth within our core business, underpinned by the capabilities and resilience of the Group's best-in-class IT system.

No strategic plan can be successfully delivered without a team with both the right skills and capabilities, and a cultural alignment to Mears' values. The focus and investment that the Group has placed in its workforce over several years is vital now, and the Group will continue to invest in this area.

The senior team at Mears have engaged over many years with a greater number of MPs (including prospective MPs) representing the communities in which we serve. A change in Central Government does not detract from this open and transparent way of supporting, listening and communicating with our communities. Relationships do not get created on the back of a singular event or change. The Group recognises that a change of Government will bring new ideas and policies which may impact on the services provided by the Group, however importantly, Mears already holds many positive relationships within the new Government, which has a good understanding of Mears' service capability and values.

CASH FLOW AND WORKING CAPITAL MANAGEMENT

The Group has continued to deliver a strong cash performance, with conversion of EBITDA to operating cash in the first six months of 119% (2023: 117%), a closing adjusted net cash balance of £107.3m (H1 2023: £117.1m, FY23: £109.1m) and, of most significance, an average daily net cash balance of £66.4m (H1 2023: £57.4m, FY23: £76.5m). The strength of the Group's operating cash flows reflects both the underlying quality of the earnings, and the Group's operating systems which underpin a strong cash culture.

	H1 2024 £'000	**H1 2023 £'000**	**FY 2023 £'000**
Average daily adjusted net cash	**66,399**	57,425	76,515
Adjusted net cash at period end	**107,264**	117,138	109,147

DIVIDEND AND CAPITAL ALLOCATION

Given the excellent trading performance of the Group in the first half, coupled with continued strong cash performance, the Board is pleased to declare an interim dividend of 4.75p (H1 2023: 3.70p; FY23 full year: 13.00p) reflecting its confidence in the prospects of the Company. This interim dividend is in line with the Board's stated progressive dividend policy.

As reported previously, the Group has utilised its Balance Sheet strength to fund property acquisitions to support the urgent requirement for additional properties within the Asylum Accommodation and Support Contract ('AASC') contract. The Group purchased properties in FY23 for a cash cost of £22.1m. At 30 June, the Group had invested a further £15.6m. The Board anticipates selling the bulk of properties purchased in 2023 as part of a sale and leaseback transaction, enabling the Group to recycle those monies to acquire further properties. Whilst it is not the Board's long-term desire to carry property assets on the Group's Balance Sheet, this has been an important step in delivering strong performance under the AASC contract and provides shareholders with a solid return when taking a balanced view of the AASC contract and a vital support for a key client.

In February 2024, the Board approved a return of surplus capital of up to £20 million to shareholders, and this was implemented through a buyback programme of on-market purchases. This resulted in the purchase and cancellation of 5.58m ordinary 1p shares at an average price of 359p. Buybacks have reduced the Group's ordinary share count over the last 18 months from 110.9m to 96.1m, a reduction of 13%. In addition, during the first half year, the Directors authorised the Employee Benefit Trust ('EBT') to purchase a further 1.70m ordinary shares at an average price of 365p, for a total cash cost of £6.2m. Since the half year end the EBT purchased a further 1.47m ordinary shares at an average price of 369p, for a total cash cost of £5.4m. The EBT currently holds 4.5m shares eliminating the need to issue new shares in respect of the future exercise of share options.

WORKFORCE

The development of our workforce remains a strategic priority for the Group. As such, we were pleased to maintain our position in the Best Companies survey as one of the Best Big Companies to work for in the UK. The first half of the year has also seen high levels of staff retention and where there are vacancies, we have been successful in attracting high quality applicants to the Group. We put particular emphasis on the recruitment of apprentices and receive thousands of applications for the wide range of roles we have across the Group. We continue to pay apprentices more than the required minimum levels and we are investing towards making the overall apprentice programme best-in-class in our industry.

We are proud of the progress we have made in supporting our workforce around mental health and wellbeing. We benchmarked our workforce with the mental health charity MIND in the first half of 2024 and were pleased to receive a Silver Award, despite this being the first year we have had this important and independent verification. This is obviously helpful to the Group, given the often stressful and difficult challenges faced by Mears staff in delivering our services.

We continue to evolve our structure to support the delivery of the Strategic Plan. We envisage a significant further investment in staff at all levels. We are confident this will further strengthen the Group and support the broadening of our service offer, ensuring that we have the expertise and capacity to support business development and operational delivery.

ESG

We have a very clear ESG plan, which reflects our ambition to be seen as the responsible partner to the public sector. The first half of 2024 has seen the development of the transition plan for our vehicle fleet to EV by 2030. As the Fleet accounts for around 90% of our carbon emissions, this is obviously an important focus of our carbon reduction strategy.

We remain proud of the fantastic work our people do in our communities every day. While we commit to all our staff having two days of volunteering per year, many of our staff do much more, for which we remain very grateful.

OUTLOOK AND GUIDANCE

The Board is pleased with the strong trading performance and this momentum has continued into the second half.

As anticipated, the elevated level of revenue in the Management-led segment has already seen a reduction in the second half, although this remains at levels above the Board's original expectations. The Board has a high level of visibility for the remainder of 2024, anticipating revenue for the full year of around £1.1bn and, given the strong first half performance and continuing momentum, a profit before tax for the full year in a range of £53m-£55m. It remains challenging for the Board to forecast beyond the current year as it is hard to predict when the elevated Management-led activities will return to a normal volume and property mix. The Group is working hard to address the imbalance between the use of short-term contingency accommodation and the use of long-term residential accommodation which will drive this reduction in revenues.

In the Group's Maintenance-led activities, Mears is well positioned. The success in securing the new North Lanarkshire contract will deliver growth in the short-term. The political and economic drivers in the Social Housing market play to Mears' strengths, and the Group continues to develop its service offering to adapt to the changing demands and requirements of its clients. This broader service offering will drive growth over the medium and long-term.

A key focus for the senior management team has been the operating margin, and the first half margin of 5.2% is a significant milestone. It is important that the Group can continue to deliver an underlying margin of 5% (or higher) for the long-term. Notwithstanding this, the Group's Balance Sheet strength provides the business with the freedom to make additional investment to deliver improvements to the business which will bring benefit over the long-term, whilst recognising such operating expenditure can at times bring some short-term margin dilution.

The new Strategic Plan will be finalised during the second half. This will include a detailed review of the Group's capital allocation policy and plans for any further additional returns to shareholders, and the Board looks forward to updating the market on this in due course.

ALTERNATIVE PERFORMANCE MEASURES ('APM')

The Strategic Report includes both statutory and adjusted performance measures. APMs are considered useful to stakeholders in assessing the underlying performance of the business, adjusting for items that could distort the understanding of performance in the year and between periods, and when comparing the financial outputs to those of our peers. The APMs have been set considering the requirements and views of the Group's investors and debt funders among other stakeholders. The APMs and KPIs are aligned to the Group's strategy.

These APMs should not be considered as a substitute for or superior to International Financial Reporting Standards (IFRS) measures, and the Board has endeavoured to report both statutory and alternative measures with equal prominence throughout the Strategic Report and financial statements.

The APMs used by the Group are detailed below with an explanation as to why management considers the APM to be useful in helping users to have a better understanding as to the Group's underlying performance. A reconciliation is also provided to map each non-IFRS measure to its IFRS equivalent.

(i) Alternative profit measures

A reconciliation between the statutory profit measures and the alternative adjusted measures for both 2024 and 2023 is detailed below.

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Profit before tax	**30,507**	21,188	46,918
IFRS 16 profit impact	**1,911**	1,337	9,093
Finance income (non-IFRS 16)	**(2,085)**	(1,692)	(4,655)
Adjusted Operating profit pre-IFRS 16[1]	**30,333**	20,833	51,356
Amortisation of software and acquisition intangibles	**1,164**	882	1,879
Depreciation and loss on disposal (non-IFRS 16)[3]	**4,627**	2,678	7,385
Adjusted EBITDA pre-IFRS 16[1]	**36,124**	24,393	60,620
IFRS 16 profit impact	**(1,911)**	(1,337)	(9,093)
Finance costs (IFRS 16)	**5,807**	4,164	9,898
Depreciation, loss on disposal and impairment (IFRS 16)[2]	**29,391**	23,984	56,951
EBITDA post-IFRS 16[1]	**69,411**	51,204	118,376
Amortisation of software and acquisition intangibles	**(1,164)**	(882)	(1,879)
Depreciation, loss on disposal and impairment (IFRS 16)[2]	**(29,391)**	(23,984)	(56,951)
Depreciation and loss on disposal (non-IFRS 16)[3]	**(4,627)**	(2,678)	(7,385)
Adjusted Operating profit post-IFRS 16[1]	**34,229**	23,660	52,161

1 Operating profit and EBITDA measures include share of profits of associates.
2 Includes profit on disposal of £262,000 (H1 2023: £nil, FY 2023: £180,000) and impairment of £800,000 (H1 2023: £nil, FY 2023: £6,223,000).
3 Includes profit on disposal of £nil (H1 2023: £80,000, FY 2023: loss of £101,000).

(ii) Adjusted operating margin (%) measure

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Revenue	**580,043**	525,641	1,089,327
Adjusted operating profit pre IFRS 16	**30,333**	20,833	51,356
Adjusted operating margin %	**5.2%**	4.0%	4.7%

A reconciliation detailing the IFRS 16 profit impact is detailed below:

	H1 2024 £'000	H1 2023 £'000	FY 2023 £'000
Charge to income statement on a post-IFRS 16 basis	**(34,399)**	(28,148)	(60,626)
Charge to income statement on a pre-IFRS 16 basis	**(33,288)**	(26,811)	(57,756)
Profit impact from the adoption of IFRS 16 and before impairment	**(1,111)**	(1,337)	(2,870)
Impairment of right of use assets	**(800)**	-	(6,223)
Profit impact from the adoption of IFRS 16	**(1,911)**	(1,337)	(9,093)

(iii) Normalised diluted earnings per share (EPS)

The alternative earnings measure is adjusted to reflect a full corporation tax charge of 25.0% (2023: 23.5%). The Directors believe this aids consistency when comparing to historical results and provides less incentive for the Group to participate in artificial schemes where the primary intention is to reduce the tax charge. A reconciliation between the statutory measure for profit for the year attributable to shareholders before and after adjustments for both basic and diluted EPS is:

	H1 2024	H1 2023	FY 2023
	p	p	p
Diluted earnings per share	**23.12**	14.09	31.94
Effect of full tax charge adjustment	**(0.28)**	(0.46)	(0.70)
Normalised diluted earnings per share	**22.84**	13.63	31.24

	H1 2024	H1 2023	FY 2023
	£'000	£'000	£'000
Profit attributable to shareholders	**22,725**	15,996	35,204
Full tax adjustment	**(269)**	(520)	(768)
Normalised earnings	**22,456**	15,476	34,436

(iv) Adjusted net cash measure

The Group excludes the financial impact of IFRS 16 from its adjusted net cash measure. This adjusted net cash measure has been introduced to align the net borrowing definition to the Group's banking covenants, which are required to be stated before the impact of IFRS 16. Whilst it is pleasing to report a strong cash position at the year end, of much greater significance is the performance throughout the period. The average daily adjusted net cash is a simple average utilising the closing adjusted net cash at the end of each day, and divided by the number of calendar days in the period.

The Group does not recognise lease obligations as traditional debt instruments given a significant proportion of these leases have break provisions which allow the Group to cancel the associated lease obligation with minimal associated cost. A reconciliation between the reported net debt and the adjusted measure is detailed below:

	H1 2024	H1 2023	FY 2023
	£'000	£'000	£'000
Cash and cash equivalents	**107,264**	116,138	138,756
Short-term financial assets	-	1,000	7,090
Overdrafts and other credit facilities	-	-	(36,699)
Adjusted net cash	**107,264**	117,138	109,147
Lease liabilities (current)	**(51,416)**	(45,645)	(54,492)
Lease liabilities (non-current)	**(209,634)**	(183,421)	(199,948)
Net debt (including IFRS 16 lease obligations)	**(153,786)**	(111,928)	(145,293)

(v) Cash conversion % measure

In addition to the average daily net cash measure, the Group also measures the cash inflow from operating activities as a proportion of EBITDA and this cash conversion percentage is a key performance measure, reflecting the Group's ability to convert profit into cash. The Board targets a measure of more than 90%, and performance that is greater than 100% is considered outstanding. The strength of the Group's operating cash flows reflects both the underlying quality of the earnings, and the Group's operating systems which underpin a strong cash culture.

	H1 2024	H1 2023	FY 2023
	£'000	£'000	£'000
EBITDA	**69,411**	51,204	118,375
Cash inflow from operating activities	**82,489**	59,847	145,223
Cash conversion %	**119%**	117%	123%

Half-year condensed consolidated statement of profit or loss

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Continuing operations				
Sales revenue	3	**580,043**	525,641	1,089,327
Cost of sales		**(447,310)**	(422,094)	(870,557)
Gross profit		**132,733**	103,547	218,770
Administrative expenses		**(99,137)**	(80,129)	(167,096)
Operating profit		**33,596**	23,418	51,674
Share of profits of associates		**633**	241	486
Finance income	5	**2,526**	2,274	5,939
Finance costs	5	**(6,248)**	(4,745)	(11,181)
Profit for the period before tax		**30,507**	21,188	46,918
Tax expense	6	**(7,358)**	(4,488)	(10,258)
Profit for the period from continuing operations		**23,149**	16,700	36,660
Attributable to:				
Owners of Mears Group PLC		**22,725**	15,996	35,204
Non-controlling interest		**424**	704	1,456
Profit for the period		**23,149**	16,700	36,660
Earnings per share				
Basic	8	**23.63p**	14.43p	32.90p
Diluted	8	**23.12p**	14.09p	31.94p

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated statement of comprehensive income

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Profit for the period		**23,149**	16,700	36,660
Other comprehensive income:				
Which will not be subsequently reclassified to the Consolidated Statement of Profit or Loss:				
Actuarial gain/(loss) on defined benefit pension scheme		**411**	(491)	(5,521)
Pension guarantee asset movements in respect of actuarial gain		**–**	–	(408)
(Decrease)/increase in deferred tax asset in respect of defined benefit pension schemes		**(103)**	123	1,482
Other comprehensive income for the period		**308**	(368)	(4,447)
Total comprehensive income for the period		**23,457**	16,332	32,213
Attributable to:				
Owners of Mears Group PLC		**23,033**	15,628	30,757
Non-controlling interest		**424**	704	1,456
Total comprehensive income for the period		**23,457**	16,332	32,213

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated balance sheet

As at 30 June 2024

	Note	As at 30 June 2024 (unaudited) £'000	As at 30 June 2023 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Assets				
Non-current				
Goodwill		**121,868**	121,868	121,868
Intangible assets		**6,552**	7,475	7,046
Property, plant and equipment		**51,930**	27,353	38,533
Right of use assets		**237,868**	215,548	233,649
Investments		**1,108**	917	622
Loan notes		**4,669**	4,265	4,458
Pension and other employee benefits	16	**21,577**	23,181	19,835
Pension guarantee assets	16	**–**	3,136	–
		445,572	403,743	426,011
Current				
Inventories	9	**792**	7,801	1,463
Trade and other receivables	10	**133,190**	125,668	126,690
Short-term financial assets		**–**	1,000	7,090
Cash and cash equivalents		**107,264**	116,138	138,756
		241,246	250,607	273,999
Total assets		**686,818**	654,350	700,010
Equity				
Equity attributable to the shareholders of Mears Group PLC				
Called up share capital	14	**961**	1,098	1,016
Share premium account		**2,537**	82,489	2,332
Share-based payment reserve		**2,184**	2,101	1,883
Treasury shares		**(9,517)**	–	(5,122)
Merger reserve		**7,971**	7,971	7,971
Retained earnings		**182,467**	123,527	189,428
Total equity attributable to the shareholders of Mears Group PLC		**186,603**	217,186	197,508
Non-controlling interest		**3,372**	2,196	2,948
Total equity		**189,975**	219,382	200,456
Liabilities				
Non-current				
Pension and other employee benefits	16	**52**	3,136	172
Deferred tax liabilities		**3,340**	4,744	2,905
Lease liabilities		**209,634**	183,421	199,948
Other non-current liabilities		**–**	745	–
Non-current provisions	12	**7,713**	3,110	9,785
		220,739	195,156	212,810

Current				
Overdraft and other short-term borrowings		–	–	36,699
Trade and other payables	11	**214,377**	184,006	187,035
Lease liabilities		**51,416**	45,645	54,492
Provisions	12	**9,368**	9,830	8,406
Current tax liabilities		**943**	331	112
Current liabilities		**276,104**	239,812	286,744
Total liabilities		**496,843**	434,968	499,554
Total equity and liabilities		**686,818**	654,350	700,010

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated cash flow statement

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Operating activities				
Result for the period before tax		**30,507**	21,188	46,918
Adjustments	15	**39,032**	30,657	71,253
Change in inventories		**671**	(923)	5,416
Change in trade and other receivables		**(6,887)**	2,669	1,290
Change in trade, other payables and provisions		**19,166**	6,256	20,346
Cash inflow from operating activities before taxation		**82,489**	59,847	145,223
Taxes paid		**(6,775)**	(3,729)	(9,330)
Net cash inflow from operating activities		**75,714**	56,118	135,893
Investing activities				
Additions to property, plant and equipment		**(19,497)**	(9,861)	(24,347)
Additions to other intangible assets		**(792)**	(931)	(1,499)
Proceeds from disposals of property, plant and equipment		**–**	17	17
Distributions from associates		**147**	596	1,135
Movement in short-term cash deposits held for investment purposes		**7,090**	963	(5,127)
Interest received		**2,126**	1,397	4,167
Net cash inflow/(outflow) from investing activities		**(10,926)**	(7,819)	(25,654)
Financing activities				
Proceeds from share issue		**206**	139	2,557
Proceeds from distribution of shares from treasury		**6**	–	–
Purchase of own shares		**(26,261)**	(3,258)	(37,887)
Net cash flow from other credit facilities		**(11,244)**	–	11,244
Discharge of lease liabilities		**(27,001)**	(22,456)	(48,149)
Interest paid		**(6,531)**	(4,724)	(11,081)
Dividends paid – Mears Group shareholders		**–**	–	(11,760)
Net cash outflow from financing activities		**(70,825)**	(30,299)	(95,076)
Cash and cash equivalents, beginning of period		**113,301**	98,138	98,138
Net increase/(decrease) in cash and cash equivalents		**(6,037)**	18,000	15,163
Cash and cash equivalents, end of period		**107,264**	116,138	113,301

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated statement of changes in equity

For the six months ended 30 June 2024 (unaudited)

	Attributable to equity shareholders of the Company								
	Share capital £'000	**Share premium account £'000**	**Share-based payment reserve £'000**	**Treasury shares £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Non-controlling interest £'000**	**Total equity £'000**
At 1 January 2023	1,110	82,351	1,801	–	7,971	119,100	1,492	213,825
Net result for the period	–	–	–	–	–	15,996	704	16,700
Other comprehensive income	–	–	–	–	–	(368)	–	(368)
Total comprehensive income for the period	–	–	–	–	–	15,628	704	16,332
Issue of shares	1	138	–	–	–	–	–	139
Cancellation of shares	(13)	–	–	–	–	(3,245)	–	(3,258)
Share options – value of employee services	–	–	300	–	–	–	–	300
Dividends	–	–	–	–	–	(7,956)	–	(7,956)
At 30 June 2023	**1,098**	**82,489**	**2,101**	**–**	**7,971**	**123,527**	**2,196**	**219,382**
At 1 January 2024	1,016	2,332	1,883	(5,122)	7,971	189,428	2,948	200,456
Net result for the period	–	–	–	–	–	22,725	424	23,149
Other comprehensive income	–	–	–	–	–	308	–	308
Total comprehensive income for the period	–	–	–	–	–	23,033	424	23,457
Issue of shares	1	205	–	–	–	–	–	206
Purchase of treasury shares	–	–	–	(6,265)	–	–	–	(6,265)
Cancellation of shares	(56)	–	–	–	–	(19,940)	–	(19,996)
Share options – value of employee services	–	–	1,050	–	–	–	–	1,050
Share options – exercised or lapsed	–	–	(749)	1,870	–	(1,115)	–	6
Dividends	–	–	–		–	(8,939)	–	(8,939)
At 30 June 2024	**961**	**2,537**	**2,184**	**(9,517)**	**7,971**	**182,467**	**3,372**	**189,975**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the half-year condensed consolidated financial statements
For the six months ended 30 June 2024

1. Corporate information
Mears Group PLC is a public limited company incorporated in England and Wales whose shares are publicly traded. The half-year condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 7 August 2024.

2. Basis of preparation and accounting principles

(a) Basis of preparation
The financial information comprises the unaudited results for the six months ended 30 June 2024 and 30 June 2023, together with the audited results for the year ended 31 December 2023. The half-year condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, with IAS 34 'Interim Financial Reporting', as contained in UK-adopted international accounting standards. The half-year condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2023, which have been prepared in accordance with United Kingdom adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

This half-year condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 10 April 2024. Those accounts, which contained an unqualified audit report under Section 495 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

The half-year condensed consolidated financial statements for the six months ended 30 June 2024 have not been audited or reviewed by an auditor pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

There have been no significant changes to estimates of amounts reported in prior financial years.

Going concern
The Directors consider that, as at the date of approving the interim financial statements, there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period to at least 30 September 2025. When making this assessment, management considers whether the Group will be able to maintain adequate liquidity headroom above the level of its borrowing facilities and to operate within the financial covenants applicable to those facilities which will be measured at 31 December 2024 and 30 June 2025. As at 30 June 2024 and 7 August 2024, the Group had £70m of committed borrowing facilities of which none was drawn. The principal borrowing facilities are subject to covenants as detailed on page 42 of the 2023 Annual Report. The nature of the principal risks and uncertainties faced by the Group has not changed significantly from those set out on pages 50 to 53 of the 2023 Annual Report and are not expected to change over the next 12 months. The Group has modelled its cash flow outlook for the period to 30 September 2025 and the forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and that financial covenants will be met throughout the period. The Group's existing debt facilities run to December 2026.

The Group has carried out stress tests against the base case to determine the performance levels that would result in a breach of covenants or a reduction of headroom against its borrowing facilities to £nil. Further detail regarding the Group's stress testing is provided on pages 43 and 44 of the 2023 Annual Report and the same scenarios were modelled to support the assessment of the Directors in this interim statement. After making these assessments, the Directors believe any scenario or combination of scenarios which could cause the business to no longer be a going concern to be implausible. The Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence until 30 September 2025. Accordingly, they continue to adopt the going concern basis in preparing the interim statement.

(b) Significant accounting policies
The accounting policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

3. Revenue

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000
Revenue from contracts with customers		
Repairs and maintenance	**234,772**	237,194
Contracting	**34,446**	31,485
Property income	**286,809**	231,009
Care services	**10,684**	9,909
Other	**358**	642
	567,069	510,239
Lease income	**12,974**	15,402
	580,043	525,641

4. Segment reporting

Segment information is presented in respect of the Group's operating segments based on the format that the Group reports to its chief operating decision maker for the purpose of allocating resources and assessing performance.

	Six months ended 30 June 2024			Six months ended 30 June 2023			
	Maintenance £'000	Management £'000	Total £'000	Maintenance £'000	Management £'000	Development £'000	Total £'000
Revenue	**280,077**	**299,966**	**580,043**	271,628	251,680	2,333	525,641
Impairment of right of use assets	**–**	**(800)**	**(800)**	–	–	–	–
Profit/(loss) before tax	**9,216**	**21,291**	**30,507**	11,085	10,120	(17)	21,188
Tax expense			**(7,358)**				(4,488)
Profit for the year			**23,149**				16,700

5. Finance income and finance costs

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000
Interest charge on overdrafts and loans	**(343)**	(334)
Interest on lease obligations	**(5,808)**	(4,165)
Other interest expense	**(92)**	(246)
Finance costs on bank loans, overdrafts and leases	**(6,243)**	(4,745)
Interest charge on net defined benefit scheme obligations	**(5)**	–
Total finance costs	**(6,248)**	(4,745)
Interest income resulting from short-term bank deposits	**1,850**	1,470
Interest income resulting from net defined benefit scheme assets	**463**	583
Other interest income	**213**	221
Finance income	**2,526**	2,274
Net finance charge	**(3,722)**	(2,471)

6. Tax expense

Tax recognised in the Consolidated Statement of Profit or Loss:

	Six months ended 30 June 2024 (unaudited) £'000	**Six months ended 30 June 2023 (unaudited) £'000**
United Kingdom corporation tax	**7,606**	4,519
Adjustment in respect of previous periods	**–**	–
Total current tax charge recognised in Consolidated Statement of Profit or Loss	**7,606**	4,519
Total deferred taxation recognised in Consolidated Statement of Profit or Loss	**(248)**	(31)
Total tax charge recognised in Consolidated Statement of Profit or Loss	**7,358**	4,488

7. Dividends

	Six months ended 30 June 2024 (unaudited) £'000	**Six months ended 30 June 2023 (unaudited) £'000**
Final 2023 dividend of 9.30p per share	**8,939**	7,956

The dividend disclosed within the half year condensed consolidated statement of changes in equity represents the final 2023 dividend of 9.30p per share proposed in the 31 December 2023 financial statements and approved at the Group's Annual General Meeting on 13 June 2024.

The Board is recommending an interim dividend of 4.75p (2023: 3.70p) per share. This is not recognised as a liability at 30 June 2024 and will be payable on 3 October 2024 to shareholders on the register of members at the close of business on 13 September 2024. The shares will go ex-dividend on 12 September 2024.

8. Earnings per share

	Six months ended 30 June 2024 (unaudited) p	**Six months ended 30 June 2023 (unaudited) p**
Basic earnings per share	**23.63**	14.43
Diluted earnings per share	**23.12**	14.09

All results relate to continuing activities. The calculation of EPS is based on a weighted average of ordinary shares in issue during the period. The diluted EPS is based on a weighted average of ordinary shares calculated in accordance with IAS 33 'Earnings per Share', which assumes that all dilutive options will be exercised. IAS 33 defines dilutive options as those whose exercise would decrease earnings per share or increase loss per share from continuing operations.

	Six months ended 30 June 2024 (unaudited) Million	**Six months ended 30 June 2023 (unaudited) Million**
Weighted average number of shares in issue:	**96.16**	110.86
• Dilutive effect of share options	**2.15**	2.67
Weighted average number of shares for calculating diluted earnings per share	**98.31**	113.53

9. Inventories

	As at 30 June 2024 (unaudited) £'000	As at 30 June 2023 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Materials and consumables	**792**	982	1,463
Work in progress	–	6,819	–
	792	7,801	1,463

10. Trade and other receivables

	As at 30 June 2024 (unaudited) £'000	As at 30 June 2023 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Trade receivables	**19,915**	20,082	23,230
Contract assets	**80,983**	73,887	79,703
Contract fulfilment costs	**164**	1,141	768
Prepayments and accrued income	**28,702**	19,896	18,929
Other debtors	**3,426**	10,662	4,060
Total trade and other receivables	**133,190**	125,668	126,690

11. Trade and other payables

	As at 30 June 2024 (unaudited) £'000	As at 30 June 2023 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Trade payables	**67,149**	65,321	58,651
Accruals	**73,837**	63,438	72,147
Social security and other taxes	**30,675**	20,652	22,203
Contract liabilities	**28,398**	21,784	28,491
Other creditors	**5,379**	4,855	5,543
Dividends payable	**8,939**	7,956	–
	214,377	184,006	187,035

12. Provisions

A summary of the movement in provisions during the period is shown below:

	Onerous contract provisions £'000	Property provisions £'000	Insurance provisions £'000	Legal and other provisions £'000	Total £'000
At 1 January 2024	8,784	1,281	4,011	4,115	18,191
Provided during the period	–	160	24	850	1,034
Utilised during the period	(1,130)	–	–	(1,014)	(2,144)
At 30 June 2024	**7,654**	**1,441**	**4,035**	**3,951**	**17,081**

At the start of 2024, the Group carried various provisions relating to expected outflows of uncertain timing or amount. Further details of these provisions as they stood at 31 December 2023 can be found in the 2023 Annual Report.

The utilisation of the onerous contract provision has been in line with expectations at 31 December 2023. Two legal provisions have been settled during the period, also in line with expectations. There has been an increase in the amount provided in respect of two legal provisions and an additional £0.35m has been recognised in respect of a new claim received during the period.

13. Financial instruments

Categories of financial instruments

	As at 30 June 2024 (unaudited) £'000	As at 30 June 2023 (unaudited) £'000	As at 31 December 2023 (audited) £'000
Non-current assets			
Fair value (level 3)			
Investments – other investments	**65**	65	65
Amortised cost			
Loan notes	**4,669**	4,265	4,458
Current assets			
Amortised cost			
Trade receivables	**19,915**	20,082	23,230
Other debtors	**3,426**	10,662	4,060
Short-term financial assets	**–**	1,000	7,090
Cash at bank and in hand	**107,264**	116,138	138,756
	130,605	147,882	173,136
Non-current liabilities			
Fair value (level 3)			
Contingent consideration	**–**	(494)	–
Amortised cost			
Lease liabilities	**(209,634)**	(183,421)	(199,948)
Deferred consideration	**–**	(251)	–
	(209,634)	(183,672)	(199,948)
Current liabilities			
Fair value (level 3)			
Contingent consideration	**(595)**	–	(581)
Amortised cost			
Overdrafts and other short-term borrowings	**–**	–	(36,699)
Trade payables	**(67,149)**	(65,321)	(58,651)
Lease liabilities	**(51,416)**	(45,645)	(54,492)
Other creditors	**(4,526)**	(4,595)	(4,710)
Deferred consideration	**(258)**	(260)	(252)
Dividends payable	**(8,939)**	(7,956)	–
	(132,288)	(123,777)	(154,804)
	(207,178)	(155,731)	(177,674)

The IFRS 13 hierarchy level categorisation relates to the extent the fair value can be determined by reference to comparable market values. The classifications range from level 1, where instruments are quoted on an active market, through to level 3, where the assumptions used to arrive at fair value do not have comparable market data.

The fair values of investments in unlisted equity instruments are determined by reference to an assessment of the fair value of the entity to which they relate. This is typically based on a multiple of earnings of the underlying business (level 3).

The fair value of contingent consideration payable is determined based on the Directors' expectation of the amount that will be payable, discounted at an appropriate rate.

There have been no transfers between levels during the period.

Fair value information

The fair value of the Group's financial assets and liabilities approximates to the book value, as disclosed above.

14. Share capital and reserves

Share capital	2024 £'000	2023 £'000
Allotted, called up and fully paid		
At 1 January 101,551,082 (2023: 111,000,889) ordinary shares of 1p each (audited)	**1,016**	1,110
Issue of 138,880 (2023:109,671) shares on exercise of share options	**1**	1
Cancellation of 5,575,561 (2023: 1,279,191) shares following purchase by the Group	**(56)**	(13)
At 30 June 96,114,401 (2023: 109,831,369) ordinary shares of 1p each (unaudited)	**961**	1,098

During the period 138,880 (2023:109,671) ordinary 1p shares were issued in respect of share options exercised. In addition, 5,575,561 (2023: 1,279,191) ordinary 1p shares were repurchased by the Group and cancelled.

Treasury shares

	Thousands	£'000
At 1 January 2024	1,891	5,122
Acquired by the EBT	1,700	6,265
Distributed to employees by the EBT	(599)	(1,870)
At 30 June 2024	**2,992**	**9,517**

15. Notes to the Consolidated Cash Flow Statement

The following non-operating cash flow adjustments have been made to the result for the period before tax:

	Six months ended 30 June 2024 (unaudited) £'000	Six months ended 30 June 2023 (unaudited) £'000	Year ended 31 December 2023 (audited) £'000
Depreciation	**33,481**	26,582	58,213
Impairment of right of use assets	**800**	–	6,223
(Profit)/loss on disposal of property, plant and equipment	**(262)**	80	(101)
Amortisation	**1,287**	882	1,879
Share-based payments	**1,050**	300	1,040
IAS 19 pension movement	**(413)**	583	(758)
Share of profits of associates	**(633)**	(241)	(486)
Finance income	**(2,526)**	(2,274)	(5,939)
Finance cost	**6,248**	4,745	11,182
Total	**39,032**	30,657	71,253

16. Pensions

The Group contributes to defined benefit schemes which require contributions to be made to separately administered funds. The assets of the schemes are administered by trustees in funds independent from the assets of the Group.

In certain cases, the Group will participate under Admitted Body status in Local Government Pension Schemes. The Group will contribute for a finite period up until the end of the particular contract. The Group is required to pay regular contributions as detailed in the scheme's schedule of contributions. In some cases, these contributions are capped and any excess can be recovered from the body from which the employees originally transferred. Where the Group has a contractual right to recover the costs of making good any deficit in the scheme from the Group's client, the fair value of that asset has been recognised as a separate pension guarantee asset.

For all schemes included within Other schemes, the Group does not have an unconditional right to benefit from any surplus and therefore, where such schemes are in a surplus position, the surplus is not recognised.

For the purposes of the interim financial statements management has estimated the movements in pension liabilities by reference to the changes in principal assumptions since 31 December 2023, using the sensitivities to movements in these assumptions calculated at that time. The movements in pension assets have been estimated by reference to market index returns over the period for different asset classes in line with the asset portfolios held at 31 December 2023.

The principal actuarial assumptions that have changed since 31 December 2023 are as follows:

	As at 30 June 2024 (unaudited)	**As at 31 December 2023 (audited)**
Discount rate	**5.10%**	4.50%
Retail prices inflation	**2.90%**	2.80%
Consumer prices inflation	**2.50%**	2.40%
Rate of increase of salaries	**2.90%**	2.80%

The amounts recognised in the Consolidated Balance Sheet and major categories of plan assets are:

	30 June 2024 (unaudited)			**31 December 2023 (audited)**		
	Group schemes £'000	**Other schemes £'000**	**Total £'000**	**Group schemes £'000**	**Other schemes £'000**	**Total £'000**
Group's estimated asset share	**124,249**	**113,794**	**238,043**	129,494	111,563	241,057
Present value of funded scheme liabilities	**(102,672)**	**(75,853)**	**(178,525)**	(109,659)	(83,342)	(193,001)
Funded status	**21,577**	**37,941**	**59,518**	19,835	28,221	48,056
Scheme surpluses not recognised as assets	–	**(37,993)**	**(37,993)**	–	(28,393)	(28,393)
Pension asset/(liability)	**21,577**	**(52)**	**21,525**	19,835	(172)	19,663
Pension guarantee assets	–	–	–	–	–	–

The Group's defined benefit obligation is sensitive to changes in certain key assumptions. A 0.1% reduction in the net discount rate (the base discount rate less the rate of inflation) would result in an increase in the present value of the defined benefit obligation of approximately 1.5%, although an element of the increase would be mitigated by an increase in the pension guarantee assets or a reduction in the unrecognised surplus, as described above.

17. Half-year condensed consolidated financial statements

Further copies of the Interim Report are available from the registered office of Mears Group PLC at 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH or www.mearsgroup.co.uk.

18. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group has not changed significantly from those set out on pages 50 to 53 of the 2023 Annual Report and Accounts and is not expected to change over the next six months.

19. Forward-looking statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Mears Group PLC. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Report includes a fair review of the information required by Rules 4.2.4, 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

By order of the Board

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Chief Finance Officer
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7 August 2024