MACFARLANE GROUP

Interim Report 2024

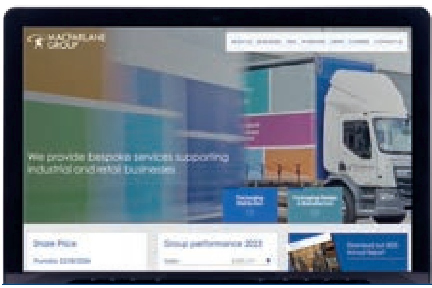
We design, manufacture and distribute protective packaging to more than 20,000 customers, across a diverse range of sectors, throughout the UK and Europe.

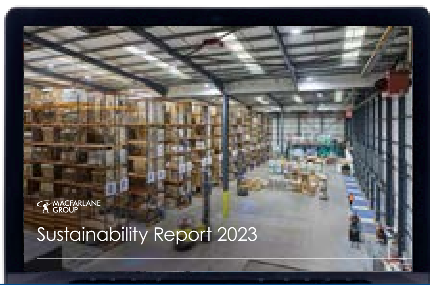
E-commerce retail | Logistics | Electronics | Aerospace | Automotive | Medical | Homeware | General industrial | Food | Hospitality

Contents

Throughout this report Macfarlane Group PLC is referred to as 'Macfarlane Group', 'the Company' and 'the Group'.

View our Annual Report and Accounts, our ESG Report and other information about Macfarlane Group at **www.macfarlanegroup.com**





Chair's statement

The Group continues to execute its strategy, making two further high-quality acquisitions.

Aleen Gulvanessian

As outlined in our AGM trading update in May, the challenging market conditions experienced in the latter part of 2023 have continued in 2024.

The management team has responded effectively through an improvement in new business growth, the management of price deflation and actions to control operating costs. In addition, the Group continues to execute its strategy, making two further high-quality acquisitions.

The strength of our balance sheet and the cash generative nature of our business underpins our ongoing investment in actions to grow sales both organically and through acquisition and increase the interim dividend.

Despite market headwinds, our operational and strategic performance is progressing, and the Group is well-positioned to benefit as the macroeconomic outlook improves.

	H1 2024 £000	H1 2023 £000	Increase/ (decrease) %
Statutory measures			
Revenue	**129,598**	141,612	(8)%
Gross profit	**51,458**	51,320	0%
Operating profit	**10,606**	10,800	(2)%
Profit before tax	**9,701**	9,987	(3)%
Profit for the period	**7,237**	7,510	(4)%
Interim dividend (pence)	**0.96p**	0.94p	2%
Basic earnings per share (pence)	**4.55p**	4.74p	(4)%
Alternative performance measures			
Adjusted operating profit[1]	**12,533**	12,839	(2)%
Adjusted profit before tax	**11,628**	12,026	(3)%

[1] See note 2 for reconciliation of alternative performance measures (before charging amortisation and deferred contingent consideration adjustments) to statutory measures.

Chair's statement (cont)

Key financial highlights

- Group revenue reduced by 8% to £129.6m (H1 2023: £141.6m).
- Group profit before tax reduced by 3% to £9.7m (H1 2023: £10.0m).
- Group adjusted operating profit as a percentage of revenue improved to 9.7% (H1 2023: 9.1%).
- Basic and diluted earnings per share were 4.55p per share (H1 2023: 4.74p per share) and 4.51p per share (H1 2023: 4.70p per share) respectively.

Packaging Distribution

- Packaging Distribution revenue decreased by 11% to £110.9m (H1 2023: £124.0m).
- Continued weak customer demand and price deflation have been partially offset by the benefit of the acquisitions of Gottlieb in April 2023 and Allpack Direct in March 2024.
- Adjusted operating profit decreased by 1% to £9.3m (H1 2023: £9.4m) through effective management of input pricing and control of operating expenses.

Manufacturing Operations

- Manufacturing Operations achieved revenue growth of 6% to £18.7m (H1 2023: £17.7m).
- Contributions from B&D Group and Suttons, both acquired 2023, have been partially offset by price deflation.
- Adjusted operating profit decreased 5% to £3.2m (H1 2023: £3.4m) due to higher operating expenses.
- The acquisition of Polyformes completed in early July 2024 and will be earnings enhancing in H2 2024.

Group

- Effective management of working capital resulted in net cash inflow from operating activities of £14.0m (H1 2023: £20.3m).
- Net bank funds on 30 June 2024 of £0.8m – this reflects a cash inflow of £0.3m since 31 December 2023, after £3.6m of investment in acquisitions and £1.4m of capital expenditure. The Group is operating well within its bank facility of £35.0m which runs until 31 December 2025.
- The pension scheme surplus increased to £10.2m at 30 June 2024 (31 December 2023: £9.9m). The improvement is due to an increase in the discount rate, offset by lower investment returns in H1 2024.
- Interim dividend of 0.96p per share (H1 2023: 0.94p per share) – to be paid on 10 October 2024 to shareholders on the register as at 13 September 2024 (ex-dividend date 12 September 2024).

Outlook

The actions taken in H1 2024 and continuing through the remainder of the year should enable the performance of the Group to be broadly in line with market expectations for 2024.

Aleen Gulvanessian, Chair
22 August 2024

Macfarlane Group's trading activities comprise Packaging Distribution and Manufacturing Operations.

Packaging Distribution

Macfarlane's Packaging Distribution business is the UK's leading specialist distributor of protective packaging materials, with a growing presence in Europe. Macfarlane operates in the UK, Ireland, the Netherlands, and Germany from 27 Regional Distribution Centres ('RDCs') and three satellite sites, supplying industrial and retail customers with a comprehensive range of protective packaging materials on a local, regional, and national basis.

Competition in the packaging distribution market is from local and regional protective packaging specialist companies as well as national and international distribution generalists who supply a range of products, including protective packaging materials. Macfarlane competes effectively on a local basis through its strong focus on customer service, its breadth and depth of product offering and through the recruitment and retention of high-quality staff with good local market knowledge. On a national and international basis, Macfarlane has market focus, expertise and a breadth of product and service knowledge, all of which enable it to compete effectively against non-specialist packaging distributors.

Packaging Distribution benefits its customers by enabling them to ensure their products are cost-effectively protected in transit and storage through the supply of a comprehensive product range, single source stock and serve supply, just-in-time delivery, tailored stock management programmes, electronic trading and independent advice on both packaging materials and packing processes. Through the 'Significant Six'[1] sales approach we reduce our customers' 'Total Cost of Packaging', improve their sustainability performance and reduce their carbon footprint. This is achieved through supplying effective packaging solutions, optimising warehousing and transportation, reducing damages and returns, and improving packaging efficiency.

	H1 2024 £000	H1 2023 £000
Revenue	**110,902**	123,955
Cost of sales	**(68,888)**	(81,563)
Gross margin	**42,014**	42,392
Overheads	**(32,705)**	(32,954)
Adjusted operating profit[2]	**9,309**	9,438
Amortisation	**(1,516)**	(1,461)
Deferred contingent consideration adjustments	**(12)**	–
Operating profit	**7,781**	7,977

The main features of Packaging Distribution performance in H1 2024 were:

- Weak demand and price deflation resulting in lower organic revenue than the same period in 2023.
- Revenue growth from the acquisitions of Allpack Direct in March 2024 and Gottlieb in April 2023.
- New business in H1 2024 10% higher than H1 2023, with continued success from our Innovation Labs and Significant Six programme.
- Effective management of input prices and control of costs.
- Marginal reduction in adjusted operating profit of 1%.
- Improvement in adjusted operating profit as a percentage of revenue to 8.4% (H1 2023: 7.6%).

[1] 'Significant Six' represents the six key costs in a customer's packing process being transport, warehousing, administration, damages and returns, productivity and customer experience.

[2] See note 2 for reconciliation of alternative performance measures (before charging amortisation and deferred contingent consideration adjustments) to statutory measures.

Interim results – management report (cont)

The key areas we will focus on in H2 2024 are to:

- Accelerate new business momentum through effective use of our leading sales tools and processes – 'Packaging Optimiser'[1], Significant Six and our Innovation Labs.
- Accelerate the progress we have made in Europe through our 'Follow the Customer' programme and the PackMann acquisition.
- Preparation for the second major site consolidation in the East Midlands.
- Progress further high-quality acquisitions in the UK and Europe.
- Support our customers to reduce their carbon footprint through offering more sustainable packaging solutions.
- Continue to effectively manage input price changes.
- Strengthen our key supplier relationships.
- Develop both sales and cost synergies through the relationship with our Manufacturing Operations.
- Achieve benefits from our information technology investments in Microsoft Dynamics, and Warehouse Management.
- Relaunch our web-based solutions offer to provide customers with more effective online access to our full range of products and services.
- Reduce operating costs through efficiency programmes in sales, logistics and administration.
- Maintain our focus on working capital management to facilitate future investment and manage effectively the ongoing bad debt risk within the current economic environment.

Manufacturing Operations

Manufacturing Operations comprises our Macfarlane Packaging Design and Manufacture business, GWP acquired in February 2021, Suttons acquired in March 2023, B&D Group acquired in September 2023 and Polyformes acquired in July 2024.

Manufacturing Operations designs, manufactures, assembles, and distributes bespoke protective packaging solutions for customers requiring cost-effective methods of protecting high value products in storage and transit. The primary components we use are corrugate, timber, foam and specialist cases. The businesses operate from six manufacturing sites, in Grantham, Westbury, Swindon, Salisbury, Chatteris and Leighton Buzzard, and a sales/design office in Barnstaple supplying both directly to customers and through the national RDC network of the Packaging Distribution business.

Key market sectors are aerospace, space, medical equipment, electronics, automotive, e-commerce retail and household equipment. The markets we serve are highly fragmented, with a range of locally based competitors. We differentiate our market offering through technical expertise, design capability, industry accreditations and national coverage through the Packaging Distribution business.

	H1 2024 £000	H1 2023 £000
Revenue	**21,329**	20,194
Inter-segment revenue	**(2,633)**	(2,537)
External revenue	**18,696**	17,657
Cost of sales	**(9,252)**	(8,729)
Gross margin	**9,444**	8,928
Overheads	**(6,220)**	(5,527)
Adjusted operating profit[2]	**3,224**	3,401
Amortisation	**(638)**	(578)
Deferred contingent consideration adjustments	**239**	–
Operating profit	**2,825**	2,823

[1] Packaging Optimiser is a Macfarlane developed software tool that measures the financial and carbon benefits of the Significant Six selling approach.

[2] See note 2 for reconciliation of alternative performance measures (before charging amortisation and deferred contingent consideration adjustments) to statutory measures.

The main features of Manufacturing Operations performance in H1 2024 were:

- Increase in revenue with growth from Suttons and B&D Group acquired in 2023 being offset by price deflation.
- Effective management of input pricing, maintaining strong gross margins.
- Higher operating expenses, due to the impact of the acquisitions.
- Decrease in adjusted operating profit of 5%.
- Reduction in adjusted operating profit as a percentage of revenue to 15.1% (H1 2023: 16.8%).

The priorities for Manufacturing Operations in the second half of 2024 are to:

- Increase momentum of new business growth in target sectors, e.g. medical, aerospace and space.
- Prioritise new sales activity in our higher added-value bespoke composite pack product range.
- Work with our customers to effectively manage material price changes.
- Continue to strengthen the relationship with our Packaging Distribution businesses to create both sales and cost synergies.
- Achieve both sales and cost synergies through closer working with the recently acquired businesses – Suttons and B&D Group, acquired in 2023, and Polyformes, acquired in July 2024.
- Supplement organic growth through progressing further high-quality acquisitions in the UK.

Summary and future prospects

The Group continues to invest in actions to grow sales both organically and through acquisition. Despite the challenging market conditions our operational and strategic performance is progressing. The Group is well positioned to benefit from improvements in the macroeconomic outlook.

Interim results – management report (cont)

Risks and uncertainties

The Group operates a formal framework for the identification and evaluation of the major business risks faced by each business and determines an appropriate course of action to manage these risks.

The principal risks and uncertainties which could impact on the performance of the Group, together with the mitigating actions, were outlined on pages 26 to 30 in our Annual Report and Accounts for 2023 (available on our website at www.macfarlanegroup.com). These remain the same for the remaining six months of the current financial year and are summarised below:

- Failure to respond to strategic shifts in the market, including the impact of weaknesses in the economy as well as disruptive behaviour from competitors and changing customer needs (e.g. changing customer priorities between online and physical buying) could limit the Group's ability to continue to grow revenues.
- The markets we operate in are changing, with: customers increasingly aware of the environmental impact of their packaging; increasing environmental regulatory requirements for packaging suppliers, such as the Plastic Tax introduced from April 2022 and the introduction of the Extended Producer Responsibility ('EPR') requirements; increasing likelihood of disruption to the operations of the Group through extreme weather events such as flooding, storm damage and water stress, impacting the business directly and disrupting supply chains; investors looking to invest in companies that demonstrate strong environmental credentials; and UK Government's commitment to net zero carbon emissions by 2050 and the profound changes this will drive across the economy.
- The Group's businesses are impacted by commodity-based raw material prices and manufacturer energy costs, with profitability sensitive to input price changes including currency fluctuations. The principal components are corrugated paper, polythene films, timber, and foam, with changes to paper and oil prices having a direct impact on the price we pay to our suppliers.
- The Group's growth strategy has included a number of acquisitions in recent years. There is a risk that such acquisitions may not be available on acceptable terms in the future. It is possible that acquisitions will not be successful due to the loss of key people or customers following acquisition or acquired businesses not performing at the level expected. This could potentially lead to impairment of the carrying value of the related goodwill and other intangible assets. Execution risks around the failure to successfully integrate acquisitions following conclusion of the earn-out period also exist.
- The Group has a property portfolio comprising 1 owned site and 52 leased sites. This multi-site portfolio gives rise to risks in relation to ongoing lease costs, dilapidations, and fluctuations in value.
- The increasing frequency and sophistication of cyber-attacks is a risk which potentially threatens the confidentiality, integrity and availability of the Group's data and IT systems. These attacks could also cause reputational damage and fines in the event of personal data being compromised.
- The Group needs access to funding to meet its trading obligations and to support organic growth and acquisitions. There is a risk that the Group may be unable to obtain funds and that such funds will only be available on unfavourable terms. The Group's borrowing facility comprises a committed facility of up to £35m. This includes requirements to comply with specified covenants, with a breach potentially resulting in Group borrowings being subject to more onerous conditions.
- The Group has a significant investment in working capital in the form of trade receivables and inventories. There is a risk that this investment is not fully recovered.

- The Group's defined benefit pension scheme is sensitive to a number of key factors including volatility in equity and bond/gilt markets, the discount rates used to calculate the scheme's liabilities and mortality assumptions. Small changes in these assumptions could cause significant movements in the pension surplus.
- Given the range of prolonged geopolitical and economic uncertainties within the UK and other markets, there is an ongoing risk this will adversely affect our ability to deliver upon agreed strategic initiatives. We may also need to adapt our business quickly in order to limit the impact upon the Group's results, prospects and reputation.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential for the strategy to succeed. It should not be relied on by any other party or for any other purpose.

This report and the condensed financial statements contain certain forward-looking statements relating to operations, performance and financial status. By their nature, such 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, including both economic and business risk factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Nothing in this Interim Results Statement should be construed as a profit forecast or an invitation to deal in the securities of the Group.

Responsibility statement

The Directors of Macfarlane Group PLC during the first six months of 2024 were:

A. Gulvanessian	Chair
P.D. Atkinson	Chief Executive
I. Gray	Finance Director
J.W.F. Baird	Non-Executive Director
L.D. Whyte	Non-Executive Director

The Directors confirm that, to the best of their knowledge:

(i) the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;

(ii) the interim management report includes a fair review of the information required by DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(iii) the interim management report includes a fair review of the information required by DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors on 22 August 2024 and signed on its behalf by:

Peter D. Atkinson
Chief Executive

Ivor Gray
Finance Director

Condensed consolidated income statement (unaudited)

For the six months ended 30 June 2024

	Note	**Six months to 30 June 2024 £000**	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Continuing operations				
Revenue	4	**129,598**	141,612	280,714
Cost of sales		**(78,140)**	(90,292)	(175,033)
Gross profit		**51,458**	51,320	105,681
Distribution costs		**(5,609)**	(5,265)	(10,485)
Administrative expenses		**(35,243)**	(35,255)	(73,128)
Operating profit	4	**10,606**	10,800	22,068
Finance costs	5	**(905)**	(813)	(1,788)
Profit before tax		**9,701**	9,987	20,280
Tax	6	**(2,464)**	(2,477)	(5,306)
Profit for the period		**7,237**	7,510	14,974
Earnings per share	8			
Basic		**4.55p**	4.74p	9.44p
Diluted		**4.51p**	4.70p	9.34p

Condensed consolidated statement of comprehensive income (unaudited)

For the six months ended 30 June 2024

	Note	**Six months to 30 June 2024 £000**	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Items that may be reclassified to profit or loss				
Foreign currency translation differences		**(76)**	(64)	(45)
Items that will not be reclassified to profit or loss				
Remeasurement of pension scheme liability	11	**270**	1,700	(1,967)
Tax recognised in other comprehensive income				
Tax on remeasurement of pension scheme liability	12	**(68)**	(425)	492
Other comprehensive income for the period, net of tax		**126**	1,211	(1,520)
Profit for the period		**7,237**	7,510	14,974
Total comprehensive income for the period		**7,363**	8,721	13,454

Condensed consolidated statement of changes in equity (unaudited)

For the six months ended 30 June 2024

	Note	Share capital £000	Share premium £000	Revaluation reserve £000	Own shares £000	Translation reserve £000	Retained earnings £000	**Total £000**
At 1 January 2024		39,738	13,981	70	(16)	171	60,632	**114,576**
Comprehensive income								
Profit for the period		–	–	–	–	–	7,237	**7,237**
Foreign currency translation differences		–	–	–	–	(76)	–	**(76)**
Remeasurement of pension scheme liability	11	–	–	–	–	–	270	**270**
Tax on remeasurement of pension scheme liability	12	–	–	–	–	–	(68)	**(68)**
Total comprehensive income		**–**	**–**	**–**	**–**	**(76)**	**7,439**	**7,363**
Transactions with shareholders								
Dividends	7	–	–	–	–	–	(4,221)	**(4,221)**
New shares issued		162	515	–	(21)	–	(656)	**–**
Purchase of own shares		–	–	–	(392)	–	–	**(392)**
Share-based payments		–	–	–	–	–	74	**74**
Total transactions with shareholders		**162**	**515**	**–**	**(413)**	**–**	**(4,803)**	**(4,539)**
At 30 June 2024		**39,900**	**14,496**	**70**	**(429)**	**95**	**63,268**	**117,400**

Condensed consolidated statement of changes in equity (unaudited)

For the six months ended 30 June 2023

	Note	Share capital £000	Share premium £000	Revaluation reserve £000	Own shares £000	Translation reserve £000	Retained earnings £000	**Total £000**
At 1 January 2023		39,584	13,573	70	(7)	216	52,584	**106,020**
Comprehensive income								
Profit for the period		–	–	–	–	–	7,510	**7,510**
Foreign currency translation differences		–	–	–	–	(64)	–	**(64)**
Remeasurement of pension scheme liability	11	–	–	–	–	–	1,700	**1,700**
Tax on remeasurement of pension scheme liability	12	–	–	–	–	–	(425)	**(425)**
Total comprehensive income		**–**	**–**	**–**	**–**	**(64)**	**8,785**	**8,721**
Transactions with shareholders								
Dividends	7	–	–	–	–	–	(3,990)	**(3,990)**
Share-based payments		–	–	–	–	–	254	**254**
Total transactions with shareholders		**–**	**–**	**–**	**–**	**–**	**(3,736)**	**(3,736)**
At 30 June 2023		**39,584**	**13,573**	**70**	**(7)**	**152**	**57,633**	**111,005**

Condensed consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Share capital £000	Share premium £000	Revaluation reserve £000	Own shares £000	Translation reserve £000	Retained earnings £000	**Total £000**
At 1 January 2023		39,584	13,573	70	(7)	216	52,584	**106,020**
Comprehensive income								
Profit for the period		–	–	–	–	–	14,974	**14,974**
Foreign currency translation differences		–	–	–	–	(45)	–	**(45)**
Remeasurement of pension scheme liability	11	–	–	–	–	–	(1,967)	**(1,967)**
Tax on remeasurement of pension scheme liability	12	–	–	–	–	–	492	**492**
Total comprehensive income		**–**	**–**	**–**	**–**	**(45)**	**13,499**	**13,454**
Transactions with shareholders								
Dividends	7	–	–	–	–	–	(5,484)	**(5,484)**
New shares issued		154	408	–	(9)	–	(553)	**–**
Share-based payments		–	–	–	–	–	586	**586**
Total transactions with shareholders		**154**	**408**	**–**	**(9)**	**–**	**(5,451)**	**(4,898)**
At 31 December 2023		**39,738**	**13,981**	**70**	**(16)**	**171**	**60,632**	**114,576**

Condensed consolidated balance sheet (unaudited)

At 30 June 2024

	Note	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Non-current assets				
Goodwill and other intangible assets		**88,674**	86,531	87,495
Property, plant and equipment		**9,713**	9,076	9,210
Right of use assets		**42,105**	35,287	35,001
Trade and other receivables		**35**	35	35
Deferred tax assets	12	**172**	106	335
Retirement benefit surplus	11	**10,164**	12,771	9,921
Total non-current assets		**150,863**	143,806	141,997
Current assets				
Inventories		**18,626**	19,929	17,523
Trade and other receivables		**51,012**	54,878	53,792
Current tax asset		**1,175**	540	225
Cash and cash equivalents	10	**9,782**	5,863	7,691
Total current assets		**80,595**	81,210	79,231
Total assets	4	**231,458**	225,016	221,228
Current liabilities				
Trade and other payables		**49,023**	53,176	50,623
Provisions		**366**	723	401
Current tax liabilities		**1,563**	1,024	983
Lease liabilities	10	**7,487**	7,042	7,307
Bank borrowings	10	**8,977**	9,190	7,164
Total current liabilities		**67,416**	71,155	66,478
Net current assets		**13,179**	10,055	12,753
Non-current liabilities				
Deferred tax liabilities	12	**9,527**	10,517	9,472
Deferred contingent consideration		**–**	1,576	504
Provisions		**1,239**	1,583	1,329
Lease liabilities	10	**35,876**	29,180	28,869
Total non-current liabilities		**46,642**	42,856	40,174
Total liabilities		**114,058**	114,011	106,652
Net assets	4	**117,400**	111,005	114,576
Equity				
Share capital		**39,900**	39,584	39,738
Share premium		**14,496**	13,573	13,981
Revaluation reserve		**70**	70	70
Own shares		**(429)**	(7)	(16)
Translation reserve		**95**	152	171
Retained earnings		**63,268**	57,633	60,632
Total equity		**117,400**	111,005	114,576

Condensed consolidated cash flow statement (unaudited)

For the six months ended 30 June 2024

	Note	**Six months to 30 June 2024 £000**	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Profit before tax		**9,701**	9,987	20,280
Adjustments for:				
Amortisation of intangible assets		**2,154**	2,039	4,034
Depreciation of property, plant, equipment		**887**	814	1,720
Depreciation of right-of-use assets		**4,263**	3,843	7,854
Deferred contingent consideration		**(227)**	–	1,535
Loss/(gain) on disposal of property, plant and equipment		**33**	(4)	(3)
Share-based payment expense		**74**	254	586
Finance costs		**905**	813	1,788
Operating cash flows before movements in working capital		**17,790**	17,746	37,794
(Increase)/decrease in inventories		**(918)**	3,253	5,733
Decrease in receivables		**3,079**	5,994	7,453
Decrease in payables		**(1,015)**	(1,793)	(7,021)
Decrease in provisions		**(125)**	(1,023)	(1,599)
Pension administration costs		**244**	(625)	(1,179)
Cash generated from operations		**19,055**	23,552	41,181
Deferred contingent consideration paid	9	**(470)**	–	–
Income taxes paid		**(3,401)**	(2,192)	(5,374)
Interest paid		**(1,122)**	(1,060)	(2,298)
Net cash inflow from operating activities		**14,062**	20,300	33,509
Investing activities				
Acquisitions	9	**(3,598)**	(11,370)	(14,466)
Proceeds on disposal of property, plant and equipment		**16**	60	90
Purchases of property, plant and equipment		**(1,416)**	(1,366)	(2,175)
Net cash flows from investing activities		**(4,998)**	(12,676)	(16,551)
Financing activities				
Dividends paid	7	**(4,221)**	(3,990)	(5,484)
Purchase of own shares		**(392)**	–	–
Drawdown/(repayment) of bank borrowings		**146**	(316)	(2,323)
Repayment of lease obligations	10	**(4,173)**	(3,524)	(7,510)
Net cash flows from financing activities		**(8,640)**	(7,830)	(15,317)
Net increase/(decrease) in cash and cash equivalents		**424**	(206)	1,641
Cash and cash equivalents at beginning of period		**6,987**	5,346	5,346
Cash and cash equivalents at end of period		**7,411**	5,140	6,987

	Note	**Six months to 30 June 2024 £000**	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Reconciliation to condensed consolidated cash flow statement				
Cash and cash equivalents per the balance sheet	10	**9,782**	5,863	7,691
Bank overdraft		**(2,371)**	(723)	(704)
Balances per the cash flow statement		**7,411**	5,140	6,987

Notes to the condensed financial statements (unaudited)

For the six months ended 30 June 2024

1. Basis of preparation

Macfarlane Group PLC is a public company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom and registered in Scotland.

The Group's annual financial statements for the year ended 31 December 2023 were prepared in accordance with United Kingdom adopted international accounting standards. This condensed set of interim financial statements has been prepared in accordance with United Kingdom adopted International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This condensed set of interim financial statements has been prepared applying the accounting policies that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2023. There were no major changes from the adoption of new IFRSs in 2024.

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation, the actual outcomes may well differ from these estimates. The Directors have assessed the impact of climate change and consider that this does not have a significant impact on these financial statements. The key sources of estimation uncertainty that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

Retirement benefit obligations

The determination of any defined benefit pension scheme liability is based on assumptions determined with independent actuarial advice. The key assumptions used include discount rate and inflation rate, for which a sensitivity analysis is provided in note 11. The Directors consider that those sensitivities represent reasonable sensitivities which could occur in the next financial period.

Valuation of deferred contingent consideration

The valuation of deferred contingent consideration at both acquisition date and the balance sheet date is measured at fair value. This involves the assessment of forecast future cash flows against earn-out targets agreed with the sellers of acquired businesses over a period of up to two years. This assessment is based on the Directors' best estimate using the information available at the effective dates outlined above. However, there remains a risk that the actual payment differs from the amount assumed as consideration within the PPA accounting as detailed in note 9 and from the amount recorded as a liability at the balance sheet date. Deferred contingent considerations are recognised as a liability in trade and other payables and are remeasured to fair value of £2.5m at the balance sheet date, all due within one year, based on a range of outcomes between £Nil and £4.1m. Trading in the post-acquisition period supports the remeasured value of £2.5m.

Critical accounting judgements

Property provisions

Property provisions of £1.6m have been recognised as at 30 June 2024 (2023: £2.3m), representing the Directors' best estimate of dilapidations on property leases. The Directors have made the judgement that no provision is required for certain property leases where there is no intention to exit, having considered a number of factors including the extent of modifications to the property, the terms of the lease agreement, and the condition of the property.

No other significant critical judgements have been made in the current or prior year.

Business activities, risks and financing

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Interim Management Report.

The Group's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the Group's day-to-day working capital requirements are met by having access to committed banking facilities with suitable terms and conditions to accommodate the requirements of the Group's operations. Credit risk is managed by applying considerable rigour in managing the Group's trade receivables. Although the current economic climate indicates an increased level of risk, the Directors believe that the Group is adequately placed to manage its financial risks effectively.

The Group's banking arrangement with Bank of Scotland PLC comprises a committed facility of £35m, expiring in December 2025, secured over the assets of Macfarlane Group UK Limited, GWP Group Limited and GWP Holdings Limited subsidiaries of Macfarlane Group PLC and bearing interest at commercial rates. The facility has financial covenants for interest cover and trade receivables headroom.

The Directors have reviewed the Group's cash and profit projections, which they believe are based on prudent market data and past experience taking account of reasonably possible changes in trading performance given current market and economic conditions. The Directors are of the opinion that these projections show that the Group should be able to operate within its current facilities and comply with its banking covenants.

In assessing the going concern basis, the Directors have considered the Group's business activities, the financial position of the Group and the Group's risks and uncertainties. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. For this reason, this condensed set of financial statements has been prepared on the going concern basis.

Approval and review of condensed financial statements

These condensed financial statements were approved by the Board of Directors on 22 August 2024. As in previous years, the set of condensed financial statements for the half-year is unaudited.

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

2. Alternative performance measure

In addition to the various performance measures defined under IFRS, the Group reports adjusted operating profit and adjusted profit before tax as measures to assist in understanding the underlying performance of the Group and its businesses when compared to similar companies. Adjusted operating profit and adjusted profit before tax are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ('GAAP') and are therefore known as APMs. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' APMs.

Adjusted operating profit is defined as operating profit before customer relationships and brand values amortisation, and deferred contingent consideration adjustments.

Adjusted profit before tax is defined as profit before tax, customer relationships and brand values amortisation, and deferred contingent consideration adjustments.

	Alternative performance measures £000	Customer relationship/ brand values amortisation £000	Deferred contingent consideration adjustments £000	Statutory measures £000	
Year to 30 June 2024					
Adjusted operating profit	**12,533**	**(2,154)**	**227**	**10,606**	**Operating profit**
Adjusted profit before tax	**11,628**	**(2,154)**	**227**	**9,701**	**Profit before tax**
Year to 30 June 2023					
Adjusted operating profit	12,839	(2,039)	–	10,800	Operating profit
Adjusted profit before tax	12,026	(2,039)	–	9,987	Profit before tax
Year to 31 December 2023					
Adjusted operating profit	27,637	(4,034)	(1,535)	22,068	Operating profit
Adjusted profit before tax	25,849	(4,034)	(1,535)	20,280	Profit before tax

3. General information

Comparative figures for the year ended 31 December 2023 are extracted from Macfarlane Group's statutory accounts for 2023. The information for the year ended 31 December 2023 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor on 29 February 2024 was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

4. Segmental information

The Group's principal business segment is **Packaging Distribution**, comprising the distribution of packaging materials in the UK, Ireland and Europe. This comprises 86% of Group revenue and 73% of Group operating profit. The Group's **Manufacturing Operations** segment comprises the design, manufacture and assembly of timber, corrugated and foam-based packaging materials in the UK. This comprises 14% of Group revenue and 27% of Group operating profit.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Group segment – total revenue			
Packaging Distribution	**110,902**	123,955	244,938
Manufacturing Operations	**21,329**	20,194	40,929
Inter-segment revenue	**(2,633)**	(2,537)	(5,153)
Revenue	**129,598**	141,612	280,714
Trading results – continuing operations			
Packaging Distribution			
Total and external revenue	**110,902**	123,955	244,938
Cost of sales	**(68,888)**	(81,563)	(157,458)
Gross profit	**42,014**	42,392	87,480
Net operating expenses	**(32,705)**	(32,954)	(66,436)
Adjusted operating profit	**9,309**	9,438	21,044
Amortisation	**(1,516)**	(1,461)	(2,983)
Deferred contingent consideration adjustments	**(12)**	–	(1,550)
Operating profit	**7,781**	7,977	16,511
Manufacturing Operations			
Total revenue	**21,329**	20,194	40,929
Inter-segment revenue	**(2,633)**	(2,537)	(5,153)
External revenue	**18,696**	17,657	35,776
Cost of sales	**(9,252)**	(8,729)	(17,575)
Gross profit	**9,444**	8,928	18,201
Net operating expenses	**(6,220)**	(5,527)	(11,608)
Adjusted operating profit	**3,224**	3,401	6,593
Amortisation	**(638)**	(578)	(1,051)
Deferred contingent consideration adjustments	**239**	–	15
Operating profit	**2,825**	2,823	5,557

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

4. Segmental information (cont)

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Operating profit – continuing operations			
Packaging Distribution	**7,781**	7,977	16,511
Manufacturing Operations	**2,825**	2,823	5,557
Operating profit	**10,606**	10,800	22,068
Finance costs (note 5)	**(905)**	(813)	(1,788)
Profit before tax	**9,701**	9,987	20,280
Tax (note 6)	**(2,464)**	(2,477)	(5,306)
Profit for the period	**7,237**	7,510	14,974

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Total assets			
Packaging Distribution	**189,454**	183,439	176,740
Manufacturing Operations	**42,004**	41,577	44,488
Total assets	**231,458**	225,016	221,228
Net assets			
Packaging Distribution	**86,809**	81,094	81,983
Manufacturing Operations	**30,591**	29,911	32,593
Net assets	**117,400**	111,005	114,576

5. Finance costs

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Interest on bank borrowings	**342**	399	878
Interest on leases	**780**	661	1,420
Finance income relating to defined benefit pension scheme (note 11)	**(217)**	(247)	(510)
Total finance costs from continuing operations	**905**	813	1,788

6. Tax

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Current tax			
UK corporation tax	**2,390**	2,376	5,615
Foreign tax	**461**	291	460
Prior year adjustments	**–**	24	(38)
Total current tax	**2,851**	2,691	6,037
Total deferred tax (note 12)	**(387)**	(214)	(731)
Total tax	**2,464**	2,477	5,306

Tax for the six months ended 30 June 2024 has been charged at 25.00% (2023: 23.50%) representing the best estimate of the effective tax charge for the full year. Deferred tax assets and liabilities at 30 June 2024 have been calculated based on the long-term corporation tax rate of 25%, which had been substantively enacted at that date.

7. Dividends

			Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Amounts recognised as distributions to equity holders in the period					
Final dividend	2.65p per share	(2023: 2.52 per share)	**4,221**	3,990	3,990
Interim dividend		(2023: 0.94p per share)	**–**	–	1,494
Distributions in the period			**4,221**	3,990	5,484

An interim dividend of 0.96p per share, payable on 10 October 2024, was declared on 22 August 2024 and has therefore not been included as a liability in these condensed financial statements.

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

8. Earnings per share

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Earnings			
Profit for the period	**7,237**	7,510	14,974

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Number of shares '000			
Weighted average number of shares in issue	**159,321**	158,337	158,542
Less shares held by the EBT	**(226)**	–	–
Weighted average number of shares – basic	**159,095**	158,337	158,542
Effect of Long-Term Incentive Plan awards in issue	**1,475**	1,574	1,788
Weighted average number of shares – diluted	**160,570**	159,911	160,330
Basic earnings per share	**4.55p**	4.74p	9.44p
Diluted earnings per share	**4.51p**	4.70p	9.34p

9. Acquisitions

On 13 March 2024, the Group's subsidiary, Macfarlane Group UK Limited ('MGUK') acquired 100% of Allpack Packaging Supplies Limited ('Allpack Direct'), for a total potential consideration of £4.7m and inherited net cash/bank balances of £1.9m. Full potential contingent consideration of £0.75m is payable in the second quarter of 2025, subject to certain trading targets being met in the twelve-month period ending on 28 February 2025.

£0.5m was paid in 2024 to the sellers of PackMann Gesellschaft für Verpackungen und Dienstleistungen mbH ('PackMann'), acquired in 2022, as the profit target was met for the twelve-month period ending 31 May 2023.

£1.25m was paid in 2024 to the sellers of A.E. Sutton Limited ('Suttons'), acquired in 2023, as the profit target was met for the twelve-month period ending 29 February 2024.

£0.25m was paid in 2024 to the sellers of A & G Holdings Limited ('Gottlieb'), acquired in 2023, as the profit target was met for the twelve-month period ending 30 April 2024.

Contingent considerations are recognised as a liability in trade and other payables and are remeasured to fair value of £2.5m at the balance sheet date, all due within one year, based on a range of outcomes between £Nil and £4.1m. Trading in the post-acquisition period supports the remeasured value of £2.5m. The £2.5m relates to the acquisitions of PackMann (£1.0m), Gottlieb (£0.5m), B&D Group (£0.3m) and Allpack Direct (£0.7m). The settlement of the amount initially recognised upon acquisition is reflected in cash flows from investing activities, with the element of the payment relating to any subsequent remeasurement included within cash flows from operating activities.

Fair values assigned to net assets acquired and consideration paid and payable are set out below:

	Allpack Direct £000	Prior year acquisitions £000	**2024 Total £000**
Net assets acquired			
Other intangible assets	2,128	–	**2,128**
Tangible assets	24	–	**24**
Inventories	185	–	**185**
Trade and other receivables	299	–	**299**
Cash and bank balances	1,862	–	**1,862**
Trade and other payables	(325)	–	**(225)**
Current tax liabilities	(185)	–	**(285)**
Deferred tax liabilities (note 11)	(537)	–	**(537)**
Net assets acquired	3,451	–	**3,451**
Goodwill arising on acquisition	1,205	–	**1,205**
Total consideration	4,656	–	**4,656**
Contingent consideration on acquisitions			
Current year	(701)	–	**(701)**
Prior years	–	1,975	**1,975**
Total cash consideration	3,955	1,975	**5,930**
Net cash outflow arising on acquisitions			
Cash consideration	(3,955)	(1,975)	**(5,930)**
Cash and bank balances acquired	1,862	–	**1,862**
Net cash outflow – acquisitions	(2,093)	(1,975)	**(4,068)**
Per cash flow statement			
Net cash outflow from operating activities	–	(470)	**(470)**
Net cash outflow from investing activities	(2,093)	(1,505)	**(3,598)**
Net cash outflow – acquisitions	(2,093)	(1,975)	**(4,068)**

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

10. Analysis of changes in net debt

	Cash and cash equivalents £000	Bank borrowing £000	Lease liabilities £000	**Total debt £000**
Total debt				
At 1 January 2023	5,706	(9,143)	(34,569)	**(38,006)**
Non-cash movements				
Acquisitions	–	–	(1,521)	**(1,521)**
Disposals	–	–	52	**52**
New leases	–	–	(634)	**(634)**
Exchange movements	–	–	57	**57**
Lease modifications	–	–	(3,131)	**(3,131)**
Cash movements	157	(47)	3,524	**3,634**
At 30 June 2023	5,863	(9,190)	(36,222)	**(39,549)**
Non-cash movements				
Acquisitions	–	–	(280)	**(280)**
Disposals	–	–	175	**175**
New leases	–	–	(2,387)	**(2,387)**
Exchange movements	–	–	(17)	**(17)**
Lease modifications	–	–	(1,431)	**(1,431)**
Cash movements	1,828	2,026	3,986	**7,840**
At 31 December 2023	7,691	(7,164)	(36,176)	**(35,649)**
Non-cash movements				
Disposals	–	–	108	**108**
New leases	–	–	(11,504)	**(11,504)**
Exchange movements	–	–	36	**36**
Cash movements	2,091	(1,813)	4,173	**4,451**
At 30 June 2024	**9,782**	**(8,977)**	**(43,363)**	**(42,558)**
Total cash movements for 2023	1,985	1,979	7,510	11,474

Net bank funds

	Cash and cash equivalents £000	Bank borrowing £000	**Net bank funds £000**
At 30 June 2024	**9,782**	**(8,977)**	**805**
At 31 December 2023	7,691	(7,164)	527

Cash and cash equivalents (which are presented as a single class of asset on the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less.

11. Retirement benefit obligations

The figures below have been prepared by Aon based on the results of the triennial actuarial valuation as at 1 May 2023 updated to 30 June 2023, 31 December 2023 and 30 June 2024. The scheme investments and the scheme's net surplus position as calculated under IAS 19 are as follows:

Investment class	**30 June 2024 £000**	30 June 2023 £000	31 December 2023 £000
Equities			
UK equity funds	**–**	6,005	–
Overseas equity funds	**–**	15,608	–
Multi-asset diversified growth funds	**4,897**	12,259	10,198
Bonds			
Liability-driven Investment funds	**34,690**	20,956	32,052
Other investments			
European loan fund	**–**	7,024	–
Secured property income fund	**–**	5,638	–
Multi asset credit fund	**10,041**	1,024	9,824
Securitised credit funds	**17,343**	–	13,047
Cash	**1,305**	736	7,402
Fair value of scheme investments	**68,276**	69,250	72,523
Present value of scheme liabilities	**(58,112)**	(56,479)	(62,602)
Pension scheme surplus	**10,164**	12,771	9,921

These amounts were calculated using the following principal assumptions as required under IAS 19:

Assumptions	**30 June 2024**	30 June 2023	31 December 2023
Discount rate	**5.10%**	5.30%	4.50%
Rate of increase in pensionable salaries	**0.00%**	0.00%	0.00%
Rate of increase in pensions in payment	**3% or 5% for fixed increases or 3.10% for LPI**	3% or 5% for fixed increases or 3.17% for LPI	3% or 5% for fixed increases or 3.03% for LPI
PIE take up rate	**60%**	65%	60%
Inflation assumption (RPI)	**3.30%**	3.40%	3.20%
Inflation assumption (CPI)	**2.80%**	2.80%	2.70%
Life expectancy beyond normal retirement age of 65			
Scheme member aged 55 – Male	**22.4 years**	22.6 years	22.3 years
– Female	**24.1 years**	24.3 years	24.0 years
Scheme member aged 65 – Male	**21.9 years**	22.1 years	21.8 years
– Female	**23.4 years**	23.5 years	23.3 years
Average uplift for GMP service	**0.40%**	0.40%	0.40%

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

11. Retirement benefit obligations (cont)

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Movement in scheme surplus in the period			
At start of period	**9,921**	10,199	10,199
Administration costs incurred	**(244)**	–	(71)
Employer contributions	**–**	625	1,250
Net finance income	**217**	247	510
Re-measurement of pension scheme liability in the period	**270**	1,700	(1,967)
At end of period	**10,164**	12,771	9,921

Sensitivity to key assumptions

Key assumptions used for IAS 19 are discount rate, inflation and mortality. If different assumptions were used, then this could have a material effect on the surplus. Assuming all other assumptions are held static then a movement in the following key assumptions would affect the level of the surplus as shown below:

Assumptions	**30 June 2024 £000**	30 June 2023 £000	31 December 2023 £000
Discount rate movement of +3.0%	**20,915**	20,327	22,531
Inflation rate movement of +0.25%	**(556)**	(541)	(599)
Mortality movement of +0.1 year in age rating	**131**	127	141

Positive figures reflect a reduction in scheme liabilities and therefore an increase in the scheme surplus.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Year to 31 December 2023 £000
Movement in fair value of scheme investments			
Scheme investments at start of period	**72,523**	70,486	70,486
Interest income	**1,582**	1,645	3,313
Return on scheme assets (exc. amount shown in interest income)	**(3,504)**	(1,800)	1,543
Contributions from sponsoring companies	**–**	625	1,250
Administration costs incurred	**(244)**	–	(71)
Benefits paid	**(2,081)**	(1,706)	(3,998)
Scheme investments at end of period	**68,276**	69,250	72,523
Movement in present value of scheme liabilities			
Scheme liabilities at start of period	**(62,602)**	(60,287)	(60,287)
Interest cost	**(1,365)**	(1,398)	(2,803)
Actuarial gain due to the changes in financial and experience	**3,774**	3,500	(3,510)
Benefits paid	**2,081**	1,706	3,998
Scheme liabilities at end of period	**(58,112)**	(56,479)	(62,602)

Basis of recognition of surplus

Macfarlane Group PLC, based on legal opinion provided, has an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a wind up of the Macfarlane Group PLC Pension & Life Assurance Scheme (1974) (the 'Scheme'). Furthermore, in the ordinary course of business the trustees have no rights to unilaterally wind up the Scheme, or otherwise augment the benefits due to members of the Scheme. Based on these rights, any net surplus in the Scheme is recognised in full.

Investments

The Trustees review the Scheme investments regularly and consult with the Company regarding any changes.

Funding

Following the completion of the triennial actuarial valuation at 1 May 2023, Macfarlane Group PLC is not required to pay further deficit reduction contributions.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and other ('the Virgin Media case') relating to the validity of certain historical pension changes. The ruling was upheld at the Court of Appeal in July 2024. At 30 June 2024, it was unknown if, or to what extent, this ruling would impact the Scheme and therefore no adjustment was made in accounting for the pension surplus. The implications of the ruling, if any, are being assessed and, if required, any adjustment will be made in the Annual Report and Accounts 2024.

Notes to the condensed financial statements (unaudited) (cont)

For the six months ended 30 June 2024

12. Deferred tax

	Tax losses less accelerated capital allowances £000	Other intangible assets £000	Retirement benefit obligations £000	**Total £000**
At 1 January 2023	**(803)**	**(4,763)**	**(2,551)**	**(8,117)**
Acquisitions	(124)	(1,959)	–	**(2,083)**
Credited/(charged) in income statement				
Current period	(31)	462	(217)	**214**
Charged in other comprehensive income	–	–	(425)	**(425)**
At 30 June 2023	**(958)**	**(6,260)**	**(3,193)**	**(10,411)**
Acquisitions	–	(160)	–	**(160)**
Credited/(charged) in income statement				
Current period	221	501	(205)	**517**
Credited in other comprehensive income	–	–	917	**917**
At 1 January 2024	**(737)**	**(5,919)**	**(2,481)**	**(9,137)**
Acquisitions	(5)	(532)	–	**(537)**
Credited/(charged) in income statement				
Current period	(159)	539	7	**387**
Charged in other comprehensive income	–	–	(68)	**(68)**
At 30 June 2024	**(901)**	**(5,912)**	**(2,542)**	**(9,355)**
Deferred tax assets	172	–	–	**172**
Deferred tax liabilities	(1,073)	(5,912)	(2,542)	**(9,527)**
At 30 June 2024	**(901)**	**(5,912)**	**(2,542)**	**(9,355)**

13. Related party transactions

Related party transactions for 2023 are disclosed in note 26 of the 2023 Annual Report. The Directors are satisfied that, other than the changes in the Retirement Benefit Obligations disclosed in note 11 above, there have been no changes which could have a material effect on the financial position of the Group in the first six months of the financial year.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed.

Details of individual and collective remuneration of the Company's Directors and dividends received by the Directors for calendar year 2024 will be disclosed in the Group's 2024 Annual Report. Peter Atkinson and Ivor Gray hold option awards over 1,064,021 and 526,706 ordinary shares respectively under the Macfarlane Group PLC Long Term Incentive Plan awarded in 2022, 2023 and 2024.

There are no other related party transactions during the six-month period which require disclosure.

14. Post balance sheet events

On 6 July 2024, MGUK acquired the protective packaging manufacturer Polyformes Limited, based in Bedfordshire, United Kingdom for a maximum cash consideration of £11.5m, including an earn-out of up to £4.8m over two years. The net assets acquired amounted to £1.8m.

As disclosed in note 11, the Group is currently assessing the implications, if any, of the post balance sheet ruling in the Virgin Media case on the pension surplus recorded. Any adjustment required will be made in the Annual Report and Accounts 2024.

15. Interim report

The interim report will be posted to shareholders on 9 September 2024. Copies will be available from the registered office, 3 Park Gardens, Glasgow G3 7YE and available on the Company's website, www.macfarlanegroup.com, from that date.

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