For Immediate Release **29 July 2021**

DEVRO

Devro plc

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Growth accelerating, momentum set to continue

Devro plc ("Devro" or the "Group"), one of the world's leading manufacturers of collagen products for the food industry, announces its unaudited half year results for the six months ended 30 June 2021.

	Underlying results*		**Statutory results**	
	H1 2021	**H1 2020 (restated)**	**H1 2021**	**H1 2020**
Revenue (£m)	119.9	119.0	119.9	119.0
Operating profit (£m)	20.3	18.5	21.0	17.2
Operating profit margin	16.9%	15.5%	17.5%	14.5%
Profit before tax (£m)	17.7	14.8	18.4	13.5
Basic earnings per share (pence)	8.7p	7.2p	9.3p	6.6p
Interim dividend per share (pence)	2.8p	2.7p	2.8p	2.7p
Final dividend per share (pence)		6.3p		6.3p

* *Underlying figures are stated before exceptional items (see Alternative Performance Measures section of the Half Year Financial Results Update for definitions, reconciliation to equivalent statutory measures and explanation of restatement). Restatement of prior period results relates to net finance cost on pensions, previously included within the non-underlying, now included within the underlying results.*

Financial Highlights

- Group constant currency revenue up 3.1% to £122.7m on the prior year primarily driven by market share gains and improving pricing discipline reflecting the continued success in the execution of our growth strategy. Reported revenue marginally higher reflecting foreign exchange headwinds.
- Volumes of edible collagen casings up 4.2%.
    - Emerging market volume up 10% driven by South East Asia, China and Latin America.
    - Mature markets volume up 1% driven by strong growth in North America offset by weaker market conditions in UK & Ireland and Australia.
- Underlying operating profit of £20.3m, up 9.7%, and operating margin increased to 16.9% (H1 2020: 15.5%) benefiting from revenue growth, improving price/mix and ongoing cost savings which were partially offset by inflationary pressures.
- Underlying basic earnings per share up 20.8% to 8.7p.
- Improved free cash flow generation of £9.4m (H1 2020: £7.2m).
- Covenant net debt [i] of £103.1m (H1 2020: £121.5m, FY 2020: £109.5m), representing net debt to EBITDA [ii] of 1.6x (H1 2020: 1.9x, FY 2020: 1.8x). Further progress expected in H2 2021.
- Given the Group's financial position, trading performance and outlook, the Board has declared a modestly increased interim dividend of 2.8p.

Strategic Highlights

Continued progress on 3Cs strategy including:

- Targeted sales initiatives delivering profitable growth.
- Bellshill anticipated savings being realised.
- New product development pipeline building and now focused on both core and alternative technologies and products.
- ESG targets in place, inaugural CDP submission and new purpose launched internally.
- Planning for an investor seminar in late September focused on purpose, values and sustainability.

Commenting on the outlook Rutger Helbing, Chief Executive Officer of Devro, said:

"Devro's constant currency revenue growth has accelerated and has driven significant profit growth in the first half, demonstrating the successful execution of the strategy, and we enter the second half with good momentum across the business, and confidence in our future prospects. In the shorter term, for the second half we expect the strong underlying performance to continue, however reflecting the uncertainties relating to COVID-19 pandemic and foreign exchange headwinds, the Board's full year expectations are unchanged. The Board's confidence in the Group's prospects and the continued strengthening of the balance sheet has resulted in an increase in the dividend for the first time in four years, as well as an incremental increase in investments required to facilitate the sustainable growth we foresee based on underlying market dynamics, as well as our targeted sales actions."

Contacts

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The audiocast and presentation will be available from 7:00am on Thursday 29 July 2021 and will be accessible using the link: https://streamstudio.world-television.com/943-1289-29481/en

The presentation will also be available on the company's website.

www.devro.com

[i] *Covenant net debt is shown before the impact of IFRS 16; see Alternative Performance Measures section of the Half Year Financial Results Update for definition and explanation.*

[ii] *EBITDA for covenant purposes is shown on underlying basis (before exceptional items) and before the impact of IFRS 16; see Alternative Performance Measures section of the Half Year Financial Results Update for definition and explanation.*

HALF YEAR REVIEW

CEO REVIEW

We are pleased with the first half performance, which demonstrates what the Group is capable of achieving. While we are mindful of ongoing challenges, we are well positioned for the full year 2021 and have a strong platform for long term growth driven by our clear and consistent strategy.

The performance in the first half of the year highlighted good constant currency revenue growth, strong profit growth and ongoing robust cash generation. The significant multi-functional improvements we have made since 2018 in our structure, processes and competencies, has enabled us to continue to make strong progress against our strategic and financial priorities.

In the first half Group constant currency revenue growth was 3.1% to £122.7m, with edible casings volumes up 4.2%, improving price/mix, offset by a small decline in other products sales. In edible casings we saw volume growth in both emerging (+10%) and mature (+1%) markets. Our emerging markets showed good growth in H1 2021 with the exception of Russia and East where the performance was impacted by weakening currencies. In mature markets, North America (+19%) continues to drive our performance and in Continental Europe (+1%) we benefited from more favorable comparatives (impacted by de-stocking in H1 2020). Our reported results were impacted by the strengthening of Sterling against a basket of currencies, particularly US dollars, and revenue in the half was at £119.9m, up 0.8%. Underlying operating profit increased by 9.7% to £20.3m benefiting from operating leverage on higher revenue and further annualised cost savings (including from the closure of our Bellshill site at the end of June 2020). Free cash generation was £2.2m ahead of the prior year, and our covenant net debt/EBITDA ratio improved further to 1.6 times, from 1.8 times at year end 2020.

The Group has responded well to the ongoing challenges posed by COVID-19. Despite being faced by numerous challenges, we have continued to be able to safely operate our manufacturing sites as normal and have been able to meet all customer demand. We continue to operate our precautionary measures and our policy to be 'behind-the-curve' in terms of relaxation of those measures. In the first half there have not been material additional costs associated with COVID-19. From a revenue perspective we have seen some benefit in the year on year comparisons in China but only limited recovery in mature markets, with foodservice still impacted by lockdowns, particularly in the UK and Continental Europe.

With the significant progress we have made in our structure, processes and competencies, and the growth engine delivering momentum, we have started to prepare for the next phase of our development. An important foundation for this is the unearthing of our Purpose, Vision, Mission and Values. With the help of our employees, through an extensive engagement process, we have defined Devro's purpose as:

Creating the Added Layer of Value
Together Responsibly Better

Our Purpose will help us to broaden our business over time and to support that we are investing in product development for alternative technologies and markets.

We will further update on Purpose including corresponding values framework, and sustainability initiatives and efforts, at a separate investor event planned for the end of the third quarter of this year.

With our robust actionable growth plans, a strong operational platform and the longer-term market dynamics looking positive, we are confident that our strategy is working and that we will deliver sustainable long term growth. We also expect profit growth will continue to convert into robust cash generation allowing the Group to invest in incrementally growing and upgrading its manufacturing capacity to meet future needs, as well as in initiatives to further broaden our business while continuing to de-lever the balance sheet and paying a dividend.

HALF YEAR FINANCIAL RESULTS UPDATE

The Group delivered a positive performance in H1 2021 with a significant improvement in revenue growth, excellent profit leverage and ongoing robust cash generation.

For the six months ended June 2021 the Group achieved volume growth of 4.2% in edible collagen casings. Volumes in emerging markets grew 10% driven by South East Asia, China and Latin America. Volumes in mature markets were up by 1%, mainly driven by North America with continued growth in the Snacks category. The UK & Ireland and Australia were impacted from lower demand in the food service industry and generally weak market conditions.

Group revenue was up 3.1% on a constant currency basis and up 0.8% on a reported basis to £119.9m due to foreign exchange headwinds. The Group was encouraged by the positive progress made on price and mix especially during the second quarter. This reflects the better geographical mix, as well as price increases and targeted actions undertaken by the Group.

Underlying operating profit of £20.3m was 9.7% higher than the prior year (H1 2020: £18.5m) and the underlying operating profit margin was up 140 basis points to 16.9% (H1 2020: 15.5%), benefiting from revenue growth, improving price/mix and continued cost savings which were partially offset by inflationary pressures.

After a review, the Group decided this year, to include net pension costs in the underlying results to better reflect the nature of these costs. Our full year total finance charge guidance including net pension finance cost remains unchanged.

The half-year underlying tax charge of £3.1m (H1 2020: charge of £2.8m) corresponds to a tax rate of 18% on underlying profits. The tax charge benefited from a one off revaluation of the UK deferred tax asset due to the change in the UK tax rate from 19% to 25% effective from 2023. Excluding this one off benefit the effective rate was 24%.

Underlying basic earnings per share increased 20.8% to 8.7 pence (H1 2020: 7.2 pence).

Free cash flow of £9.4m (H1 2020: £7.2m) reflects strong ongoing cash generation. Covenant net debt reduced to £103.1m and 1.6 times EBITDA.

REVENUE

	Reported H1 2021 £m	**Constant Currency H1 2021 £m**	Reported H1 2020 £m	Change at reported currency	Change at constant currency
Revenue	**119.9**	**122.7**	119.0	+0.8%	+3.1%

REVENUE BRIDGE

% change	**H1 2021 vs H1 2020**	H1 2020 vs H1 2019
Volume (EC*)	3.5%	1.4%
Price/country/product mix (EC*)	-0.1%	-1.8%
Other products	-0.3%	-1.1%
Foreign exchange	-2.3%	1.3%
Total	0.8%	-0.2%

*EC – Edible Collagen

Reported revenue increased 0.8% and was significantly impacted by currency translation. Constant currency revenue grew 3.1% as a result of edible collagen casings increasing by 3.5%, with emerging markets growing faster than mature markets. The decrease in other products reflected weaker collagen co-extrusion markets in Europe. Foreign exchange movements are mainly related to the strengthening of Sterling against the US Dollar and Japanese Yen.

EDIBLE COLLAGEN VOLUMES

Overall Group volumes grew by 4.2% in the first half. **Emerging markets** volume growth of +10% was driven by new business wins along with market share gains with existing customers in several target geographies. Our strongest growth in volumes were seen in South East Asia (+28%), China (+18%), and Latin America (+8%). Russia & East declined -21% due to foreign exchange headwinds impacting our competitiveness. Emerging markets contributed 31% to Group edible collagen revenues, 100 bps increase year on year.

Mature markets volume growth of +1% was driven by North America (+19%) from incremental business with existing customers. Continental Europe and Japan both saw a volume uplift of (+1%). This increase was offset by declines in the UK (-13%) and Australia and New Zealand (-7%), impacted by weaker collagen market conditions and the continuing adverse COVID-19 impact on foodservice channels.

The impact of price-mix and foreign exchange on edible collagen revenue in emerging and mature markets is set out below:

	Price/Mix	**Foreign exchange**
Emerging	-5%	-3%
Mature	2%	-2%

OPERATING PROFIT

Operating profit for the six months ended 30 June 2021 can be analysed as follows:

	2021 £m	2020 £m	Change
Underlying EBITDA	**31.0**	29.5	5.1%
Depreciation & amortisation	**(10.7)**	(11.0)	2.7%
Underlying operating profit	**20.3**	18.5	9.7%
Exceptional items	**0.7**	(1.3)	
Operating profit	**21.0**	17.2	22.1%

Underlying operating profit of £20.3m (H1 2020: £18.5m) was up by 9.7%. An increase in volumes and ongoing cost savings, led to strong operating profit growth.

Statutory operating profit of £21.0m (H1 2020: £17.2m) included £0.7m of exceptional income largely related to profit recognised on sale of Bellshill site.

An analysis of the overall movement in underlying operating profit is set out below:

	£m
Underlying profit for H1 2020	**18.5**
Price/country/product mix (EC*)	-
Volumes (EC*)	1.5
Contribution from other products	(0.2)
Manufacturing cost savings	4.5
Inflation	(2.7)
Operating expenses	(0.5)
Foreign exchange and other	(0.8)
Underlying operating profit for H1 2021	**20.3**

* EC – Edible Collagen

Inflation represents an increase in salary costs, raw materials and other manufacturing costs.

These were offset by cost savings of £4.5m, which included savings from the closure of Bellshill site and manufacturing initiatives focused on sourcing alternatives, cost reduction and efficiency programmes.

EXCEPTIONAL ITEMS

Exceptional income included in operating profit was £0.7m (H1 2020: charges of £1.3m). The 2021 income included profit recognised on sale of Bellshill site. Further details of exceptional items are set out in note 6 of these Interim Consolidated Financial Statements.

FINANCE COSTS

The finance cost for the period was £2.2m (H1 2020: £2.9m), lower as result of repayment of $25m private placement tranche in April 2021.

Net finance cost on pensions for the period reduced to £0.4m (H1 2020: £0.8m), due to lower interest rates at the start of the period. Total finance costs amounted to £2.6m.

Refer to Alternative Performance Measures section for more detail on restatement of the underlying results for the net finance cost on pensions.

TAX

The Group's underlying tax charge for the period was £3.1m (H1 2020: £2.8m) and reflected an impact of the revaluation of the UK deferred tax assets, given the UK corporation tax rate change from 19% to 25%.

EARNINGS PER SHARE

To provide a better indication of the underlying performance of the Group, underlying earnings per share exclude exceptional items.

pence	**H1 2021**	H1 2020
Underlying basic earnings per share	**8.7p**	7.2p
Basic earnings per share	**9.3p**	6.6p

Underlying basic earnings per share were 8.7 pence, up 20.8% on H1 2020 due to a higher underlying operating profit in H1 2021 and lower total finance costs.

Basic earnings per share increased further due to exceptional profits recognised in the first half of 2021 compared to exceptional losses in prior year.

CASH FLOW AND NET DEBT

The Group delivered strong cashflows in the first half. As usual, in the first half of the year the Group's working capital increased by £6.4m (H1 2020: £6.9m).

Capital expenditure in H1 2021 was £7.6m, up from £6.3m in H1 2020, as a part of the Group's COVID-19 cash mitigation actions all non-essential capital expenditure was deferred to H2 2020. The Group is likely to spend close to depreciation on capital expenditure in full year 2021 as it invests to facilitate future growth.

The H1 2021 net cash exceptional inflow of £2.8m relates to the sale of our plant in Bellshill for £3.8m offset by cost associated with closure of this site.

The Group repaid the US$25m private placement in April 2021 using a combination of available cash resources and drawings under the existing borrowing facilities. Post this repayment, the Group maintains significant liquidity.

Tax payments of £5.4m were higher than the prior year (H1 2020: £3.4m) due to timing of payments.

Covenant net debt reduced in June 2021 to £103.1m, from £121.5m in June 2020 and £109.5m in December 2020. The covenant net debt /EBITDA ratio improved to 1.6 times as compared to 1.8 times at the December 2020 and 1.9 times at June 2020.

The covenant net debt/EBITDA ratio for December 2021 is expected to be circa 1.5 times.

DIVIDEND

The final dividend for FY 2020 was paid on 20 July 2021. The Board has recommended an interim dividend of 2.8 pence which will be paid on 14 January 2022 to shareholders on the register at 3 December 2021.

PENSIONS

The Group's net pension obligations decreased to £41.2m in June 2021, from £55.2m in December 2020. This primarily related to an increase in discount rates positively impacting the valuation of UK and US schemes liabilities. The triennial review of the UK scheme was completed in April 2021.

Pension deficit funding of £1.7m paid in H1 2021 was higher than £0.6m in H1 2020 due to the deferral of the US deficit payment to the second half of 2020. In line with prior guidance, the total pension deficit payments for 2021 are expected to be circa £7m.

Devro plays an active role in managing its pension schemes and related liabilities, ensuring that the assets are appropriately invested and that additional contributions are made where necessary to ensure all obligations are met as they fall due.

PRINCIPAL RISKS

The Group operates a structured risk management process, which identifies and evaluates risks that could impact its performance, as well as conducts reviews of mitigation activity. The principal risks continue to be those we identified in the Group's 2020 Annual Report and Accounts: loss of profit margins/ volume due to increased competitive pressures, development of non-casing technologies, IT systems/cyber risk, disruption to supply or increase in price of key raw materials, food regulatory risk, changes in consumer demand, foreign exchange risk, operational disruption, employee engagement and the shortage of employees with relevant expertise, increases in pension funding requirements, product contamination and Brexit.

We also highlighted in our 2020 Annual Report aspects of the foregoing risks which we considered pertinent to the impact of the COVID-19 pandemic on our business both currently and in the longer-term, all of which continue to be relevant. Prudent pandemic controls continue to be maintained at our production sites and we remain able to meet our customer demands without any shortages.

Since our 2020 Annual Report was published, we have assessed that the severity of our Brexit risk has reduced but we consider it still has potential to cause operational disruption (exacerbated by COVID-19) due, in particular, to labour shortages in the UK affecting the meat and haulage industries. Like other political risks, we also recognise the scope for further uncertainty in the relationship between the UK and EU risking further restrictions on cross-border trade and affecting how we conduct sales. We address this, by keeping abreast of any such political uncertainties and deploying our incident management processes to address specific risks, if they materialise.

No other new key risks have been identified but we have embarked on a programme to gain a greater understanding of any emerging environmental risks to our business. In the first instance, the programme entails a survey of current baseline energy consumption, product life cycle analysis and a materiality assessment, the findings from which we expect to be available by the year end.

Further details are set out on pages 36 to 40 of the 2020 Annual Report and Accounts which is available on the Devro plc website: www.devro.com.

ALTERNATIVE PERFORMANCE MEASURES

In addition to statutory financial measures, management uses certain alternative performance measures (which are not defined by Adopted IFRS) to assess the operating performance and financial position of the Group. The alternative performance measures that Devro uses are 'constant exchange rates', 'underlying', 'earnings before interest, tax, depreciation and amortisation (EBITDA)', 'covenant EBITDA', 'net debt', 'covenant net debt', 'free cash flow' and 'return on capital employed (ROCE)'.

Constant exchange rates

The Group has worldwide operations transacting in multiple currencies and is exposed to foreign exchange rate fluctuation risks. As a result, the Group's reported revenue will be impacted by movements in actual exchange rates. The Group presents revenue growth on a constant currency basis in order to eliminate the effect of foreign exchange rate movements, enabling investors to better understand the underlying performance.

Revenue growth at constant currency is calculated by presenting both the current and prior year local currency amounts using the prior period average exchange rates, and including the impact from cash flow hedges. Constant exchange rates are used in the Half Year Financial Results Update in the revenue section on pages 4 and 5.

Underlying

Underlying figures are stated before exceptional items (Note 6). Exceptional items are those significant items which are incremental to normal operations and are separately disclosed by virtue of their nature or size to enable a better understanding of the Group's underlying financial performance. Devro has undergone a major transformation including implementation of a new global structure initiated in 2018 and the closure of the Bellshill site which was completed in 2020. The site was sold in January 2021. The closure of the Bellshill site coincided with a transfer of its trade and assets to other manufacturing sites in the Group notably to the Group's sites in Czech Republic. This restructuring transfer incurred a number of costs which have been recognised as exceptional costs.

In 2018, a decision was made to disclose the pension finance costs as a non-underlying cost in the annual report and half year results. The exclusion of net finance cost on pensions followed a review which concluded that the costs were volatile, given that they are dependent upon the pension position at 31 December each year which is subject to market fluctuations. A review in 2021 concluded that whilst not driven by the performance of the business, pension finance costs are an inevitable and ongoing cost for any business with defined benefit schemes and hence are no longer treated as non-underlying. The 2020 underlying figures had excluded net finance cost on pensions and therefore were restated where applicable.

A reconciliation from the underlying figures to the equivalent statutory figures is presented below

£m unless stated otherwise	**H1 2021** **Underlying**	**Exceptional items**	**Statutory**	H1 2020 Underlying (restated)	Exceptional items	Statutory
Operating profit	**20.3**	**0.7**	**21.0**	18.5	(1.3)	17.2
Operating profit margin %	***16.9%***	***0.6%***	***17.5%***	*15.5%*	*-1.0%*	*14.5%*
Finance cost	**(2.2)**	**-**	**(2.2)**	(2.9)	-	(2.9)
Net finance cost on pensions	**(0.4)**	**-**	**(0.4)**	(0.8)	-	(0.8)
Profit before tax	**17.7**	**0.7**	**18.4**	14.8	(1.3)	13.5
Income tax	**(3.1)**	**0.2**	**(2.9)**	(2.8)	0.4	(2.4)
Profit attributable to owners of the company	**14.6**	**0.9**	**15.5**	12.0	(0.9)	11.1
Basic earnings per share (p)	**8.7**	**0.6**	**9.3**	7.2	(0.6)	6.6

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA is defined as operating profit excluding depreciation and amortisation. This measure is used by management to assess operational efficiency and, given that it excludes non-cash depreciation and amortisation, it is a useful approximation for cash generation from operations. This measure is in common use elsewhere and a reconciliation from reported figures is shown below.

£m unless stated otherwise	**H1 2021** **Underlying**	**Exceptional items**	**Reported**	H1 2020 Underlying	Exceptional items	Reported
Operating profit	**20.3**	**0.7**	**21.0**	18.5	(1.3)	17.2
Depreciation & amortisation	**10.7**	**-**	**10.7**	11.0	-	11.0
EBITDA	**31.0**	**0.7**	**31.7**	29.5	(1.3)	28.2
EBITDA margin (%)	***25.9%***		***26.4%***	*24.8%*		*23.7%*
Less: impact of IFRS 16	**(0.2)**			(0.3)		
Covenant EBITDA	**30.8**			29.2		

Earnings per share ('EPS')

The underlying earnings per share measure, which excludes exceptional items, is used to provide a better indication of the underlying performance of the Group. Underlying basic earnings per share is calculated by dividing the underlying profit attributable to ordinary shareholders by shares, being the weighted average number of shares in issue throughout the year (H1 2021: 166,949,022; H1 2020: 166,949,022). Underlying diluted earnings per share is calculated by dividing the underlying profit for the year attributable to ordinary shareholders by the average number of shares, including the effect of all dilutive potential shares (H1 2021: 168,683,690; H1 2020: 168,907,148). Shares arising from the Performance Share Plan are only treated as dilutive where the effect is to reduce earnings per share (H1 2021: 1,734,668; H1 2020: 1,958,126).

	H1 2021		H1 2020	
	Underlying	**Statutory**	Underlying (restated)	Statutory
Profit attributable to owners of the company (£m)	**14.6**	**15.5**	12.0	11.1
Earnings per share				
- Basic (pence)	**8.7p**	**9.3p**	7.2p	6.6p
- Diluted (pence)	**8.7p**	**9.2p**	7.1p	6.6p

Net debt

Net debt is defined as the excess of total borrowings over cash and cash equivalents. It is a measure that provides additional information on the Group's financial position and is a measure in common use elsewhere. Whilst net debt is calculated using balances reported under adopted IFRS, the Group's covenants are based on net debt as accounted prior to the implementation of IFRS 16 and its impact on accounting for leases. A reconciliation from statutory figures to 'covenant net debt' is presented below:

	June 2021 £m	December 2020 £m	June 2020 £m
Current borrowings	**(2.9)**	(20.8)	(21.8)
Non-current borrowings	**(115.8)**	(112.9)	(134.4)
Total borrowings	**(118.7)**	(133.7)	(156.2)
Cash and cash equivalents	**14.3**	23.7	34.1
Net debt	**(104.4)**	(110.0)	(122.1)
Add back impact of IFRS 16	**1.3**	0.5	0.6
Covenant net debt	**(103.1)**	(109.5)	(121.5)

Cash flow

Underlying operating cash flow and free cash flow provide management with important information, in respect with how the underlying business is performing (underlying operating cash flow) and what cash is available for dividend payments (free cash flow). The table below provides a reconciliation from underlying operating cash flow to free cash flow adjusting for items which management view are outside of their discretion.

	H1 2021 £m	H1 2020 £m
Underlying EBITDA	**31.0**	29.5
Working capital/other	**(6.4)**	(6.9)
Underlying operating cash flow	**24.6**	22.6
Capital expenditure	**(7.6)**	(6.3)
Cash exceptional items	**2.8**	(1.5)
Pension deficit funding	**(1.7)**	(0.6)
Interest paid	**(2.3)**	(2.8)
Tax paid	**(5.4)**	(3.4)
Other	**(1.0)**	(0.8)
Free cash flow	**9.4**	7.2
Dividends paid	**(4.5)**	-
FX movements	**0.7**	(4.7)
Movement in net debt	**5.6**	2.5

Rutger Helbing
Chief Executive Officer

Rohan Cummings
Chief Financial Officer

28 July 2021

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the six months ended 30 June

	Note	**2021** £m	2020 £m
Revenue	5	**119.9**	119.0
Operating profit	5	**21.0**	17.2
Finance cost		(2.2)	(2.9)
Net finance cost on pensions		(0.4)	(0.8)
Profit before tax		**18.4**	13.5
Income tax	7	**(2.9)**	(2.4)
Profit for the year attributable to owners of the Company		**15.5**	11.1
Earnings per share			
Basic	8	**9.3p**	6.6p
Diluted	8	**9.2p**	6.6p

All results relate to continuing operations.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the six months ended 30 June

	2021 **£m**	2020 £m
Profit for the period attributable to the owners of the Company	**15.5**	11.1
Other comprehensive income/(expense) for the period		
Items that will not be reclassified to the profit or loss		
Pension obligations:		
- re-measurements	**12.4**	(15.1)
- movement in deferred tax	**(1.1)**	3.6
	11.3	(11.5)
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedges:		
- net fair value (losses)/gains	**(1.7)**	(0.8)
- tax on fair value movements	**0.4**	0.2
Net investment hedges:		
- fair value gains/(losses)	**1.3**	(6.3)
- tax on fair value movements	**-**	(0.6)
Net exchange adjustments	**(3.6)**	10.1
	(3.6)	2.6
Other comprehensive expense for the period, net of tax	**7.7**	(8.9)
Total comprehensive income for the period attributable to the owners of the Company	**23.2**	2.2

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2021 (unaudited) £m**	31 December 2020 (audited) £m	30 June 2020 (unaudited) £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	**201.1**	209.2	215.5
Intangible assets		**9.5**	10.2	10.7
Deferred tax assets		**29.0**	27.3	31.9
Trade and other receivables		**1.7**	1.7	3.7
		241.3	248.4	261.8
Current assets				
Inventories		**38.2**	37.8	46.8
Trade and other receivables		**33.7**	29.7	30.3
Derivative financial instruments	4	**2.0**	3.2	1.2
Cash and cash equivalents	14	**14.3**	23.7	34.1
Assets held for sale		**-**	2.5	-
		88.2	96.9	112.4
Total assets		**329.5**	345.3	374.2
LIABILITIES				
Current liabilities				
Trade and other payables		**(26.9)**	(32.0)	(27.0)
Dividend payable	9	**(10.5)**	-	-
Current tax liabilities		**(1.2)**	(3.2)	(3.1)
Borrowings	14	**(2.9)**	(20.8)	(21.8)
Derivative financial instruments	4	**(0.3)**	(0.1)	(1.5)
Provisions for other liabilities and charges		**(0.8)**	(1.0)	(5.1)
		(42.6)	(57.1)	(58.5)
Non-current liabilities				
Borrowings	14	**(115.8)**	(112.9)	(134.4)
Pension obligations	11	**(41.2)**	(55.2)	(82.2)
Deferred tax liabilities		**(17.0)**	(15.5)	(16.2)
Other payables		**(3.1)**	(3.3)	(2.5)
Provisions for other liabilities and charges		**(2.2)**	(2.3)	(2.8)
		(179.3)	(189.2)	(238.1)
Total liabilities		**(221.9)**	(246.3)	(296.6)
Net assets		**107.6**	99.0	77.6
EQUITY				
Ordinary shares		**16.7**	16.7	16.7
Share premium		**9.3**	9.3	9.3
Other reserves		**76.7**	80.1	75.1
Retained earnings		**4.9**	(7.1)	(23.5)
Equity attributable to the owners of the Company		**107.6**	99.0	77.6

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
for the six months ended 30 June

	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total Equity £m
Balance at 1 January 2021	**16.7**	**9.3**	**80.1**	**(7.1)**	**99.0**
Comprehensive income/(expense)					
Profit for the period	-	-	-	15.5	15.5
Other comprehensive income/(expense)	-	-	(3.6)	11.3	7.7
Total comprehensive income/(expense)	-	-	(3.6)	26.8	23.2
Transactions with owners of the Company					
Performance Share Plan charge net of tax	-	-	0.4	-	0.4
Performance Share Plan credit in respect of awards lapsed	-	-	(0.2)	0.2	-
Dividend paid	-	-	-	(4.5)	(4.5)
Dividend payable	-	-	-	(10.5)	(10.5)
Total transactions with owners of the Company	-	-	0.2	(14.8)	(14.6)
Balance at 30 June 2021	**16.7**	**9.3**	**76.7**	**4.9**	**107.6**
Balance at 1 January 2020	16.7	9.3	72.2	(23.3)	74.9
Comprehensive income/(expense)					
Profit for the period	-	-	-	11.1	11.1
Other comprehensive income/(expense)	-	-	2.6	(11.5)	(8.9)
Total comprehensive income/(expense)	-	-	2.6	(0.4)	2.2
Transactions with owners of the Company					
Performance Share Plan charge net of tax	-	-	0.5	-	0.5
Performance Share Plan credit in respect of awards lapsed	-	-	(0.2)	0.2	-
Total transactions with owners of the Company	-	-	0.3	0.2	0.5
Balance at 30 June 2020	16.7	9.3	75.1	(23.5)	77.6

INTERIM CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
for the six months ended 30 June

	Note	**2021** **£m**	2020 £m
Cash flows from operating activities			
Cash generated from operations	13	**21.9**	20.5
Interest paid		**(2.3)**	(2.8)
Tax paid		**(5.4)**	(3.4)
Net cash generated from operating activities		**14.2**	14.3
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7.5)**	(6.0)
Purchase of intangible assets		**(0.1)**	(0.3)
Proceeds from disposal of property, plant and equipment		**3.8**	-
Net cash used in investing activities		**(3.8)**	(6.3)
Cash flows from financing activities			
Proceeds from borrowings		**5.5**	1.0
Repayment of borrowings		**(20.7)**	-
Proceeds from/(payment) on settlement of derivatives		**0.2**	(0.7)
Payment of lease liabilities		**(0.2)**	(0.3)
Dividend paid		**(4.5)**	-
Net cash used in financing activities		**(19.7)**	-
Net (decrease)/increase in cash and cash equivalents		**(9.3)**	8.0
Net cash and cash equivalents at 1 January		**21.5**	23.9
Net (decrease)/increase in cash and cash equivalents		**(9.3)**	8.0
Exchange (loss)/gain on cash and cash equivalents		**(0.4)**	1.1
Net cash and cash equivalents at 30 June		**11.8**	33.0
Cash and cash equivalents		**14.3**	34.1
Bank overdrafts		**(2.5)**	(1.1)
Net cash and cash equivalents at 30 June		**11.8**	33.0

Notes to the condensed Interim Consolidated Financial Statements (unaudited)
for the six months ended 30 June 2021

1. General Information

Devro plc (the Company) and its subsidiaries (the Group) is one of the world's leading manufacturers of collagen products for the food industry. Collagen is one of the most common forms of protein, which is transformed into strong but flexible edible casings and other related products by highly sophisticated biochemical processing technologies.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in Scotland. The address of its registered office is Moodiesburn, Chryston, Scotland, G69 0JE.

These condensed Interim Consolidated Financial Statements were approved for issue on 28 July 2021.

These condensed Interim Consolidated Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The condensed Interim Consolidated Financial Statements are unaudited but have been reviewed by our auditors and their report is set out on page 24. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 1 March 2021 were delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain a material uncertainty related to going concern and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of Preparation

These condensed Interim Consolidated Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard ("IAS") 34, "Interim financial reporting" as adopted for use in the UK. The condensed interim consolidated Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2020 which have been prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Critical estimates and judgments

The preparation of Financial Statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results ultimately may differ from those estimates. The key uncertainties that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next six months relate to accounting for the carrying value of property, plant and equipment and deferred tax asset. Taking into account COVID-19, management does not consider that any reasonably foreseeable change in the source of estimation would have a material impact on the carrying value of plant, property and equipment and deferred tax asset in the Group's financial statements.

Going concern basis

This Half Year Results Update sets out the Group's performance for the period and financial position at period end, together with factors likely to affect its future development, performance and position. The 2020 Annual Report outlines the business activities of the Group and note 23 describes the Group's objectives and procedures for managing its capital, its financial risk management policies, details of financial instruments and exposure to market, credit and liquidity risk.

At 30 June 2021 the Group was operating within the banking covenants related to its revolving credit facility and US private placement facilities. The Group's detailed financial forecasts indicate that there is sufficient headroom in the facilities for at least 12 months from the date of approval of this statement and that they can be repaid in line with the expected terms. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of this statement. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In making this assessment, the impact of COVID-19 has been considered in a range of possible levels of impact on revenue, profit and cash, and the offsetting effect of controllable mitigating actions over the course of at least 12 months from the date of approval of this statement. These include the length of time various levels of restrictions will be in place and the severity of the consequent impact of those restrictions on most exposed areas: disruption to supply chain and lower food service demand.

For all of our businesses we have sensitised the revenue (circa 2% - 3% reduction in year on year revenues), profit and cash flow impact of reduced trading activity. In line with the impacts noted above, the scenarios are most sensitive to the assumptions made predominantly in food services markets. We have not assumed any uplift in our markets under any level of restrictions for the purpose of the scenario modelling.

The scenarios include an assumption of economic recession lasting another 12 months. This conservative view assumes slow decline in our market during this time. While COVID-19 is anticipated to impact our profits and cash generation, as the economies come out of recession, profits and cash should recover. As we exit both lockdown and our busiest trading periods, the forecasted COVID-19 impact should also reduce.

In our modelling, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact our ability to meet demand. These actions include reduced operating expenses and stopping all non-essential and non-committed capex spend in the forecasted period.

We believe that the risk of enforced factory closure is low and have implemented additional health and safety measures in each of our factories to reduce the risk of a major supply disruption. Please refer to principal risks section for further details. We are assuming no significant structural changes to the business will be needed.

In all the scenarios, significant liquidity headroom under our existing debt facilities remains at each month end. The Group repaid the US$25m private placement in April 2021 using a combination of available cash resources and drawings under existing borrowing facilities. Post this repayment the Group retained significant liquidity.

At 30 June 2021, the net debt position was £104.4m and our covenant net debt to EBITDA ratio was 1.6 times with a covenant EBITDA to net interest payable ratio of 14 times. Undrawn facilities were £48.2m with £14.3m of cash holdings as at 30 June 2021. Covenants are set at less than 3.0 times Net debt to EBITDA and more than 4.0 times EBITDA to Net Interest Payable in all our lending agreements.

Under all the scenarios modelled, after taking mitigating actions as required, forecasts did not indicate breach of covenants on any of those dates.

3. Accounting Policies

The accounting policies adopted are consistent with those of the annual Financial Statements for the year ended 31 December 2020, as described in those annual Financial Statements.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The condensed Interim Consolidated Financial Statements do not include all financial risk management information and disclosures required in annual Financial Statements and should be read in conjunction with the Group's annual Financial Statements for the year ended 31 December 2020.

Fair value of derivative financial instruments

The fair values of derivative financial instruments are as follows:

	Assets £m	Liabilities £m
At 30 June 2021		
Forward foreign currency contracts		
- cash flow hedge	**2.0**	**(0.3)**
At 30 June 2020		
Forward foreign currency contracts		
- cash flow hedge	1.2	(1.3)
- net investment hedge	-	(0.2)
	1.2	(1.5)

Derivative financial instruments that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Group's derivative financial instruments that are measured at fair value are classified as Level 2 at 30 June 2021 (31 December 2020: Level 2) and comprise forward foreign exchange contracts as disclosed in the table above. The valuation techniques employed are consistent with the year-end annual report. There are no financial instruments measured as Level 3. The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value.

5. Segment information

The chief operating decision maker has been identified as the Board. The Board reviews the Group's financial results on a market segment basis because they require different products and marketing strategies, with two identifiable operating segments:

- Emerging markets: Latin America, Russia & East, Middle East & Africa, South East Asia and China
- Mature markets: North America, Continental EU, UK & Ireland, Japan and Australia & New Zealand.

The Board assesses the performance of the operating segments based on revenue generated from sales to external customers. Each manufacturing site produces product for multiple sales areas and performance cannot be allocated to operating segments; the Board reviews performance by manufacturing plant regularly and manages underlying operating profit before exceptional items at the Group level. Finance income and cost and net finance cost of pensions are not included in the segment results that are reviewed by the Board. Information provided to the Board is consistent with that reflected in these Financial Statements.

Segment information for the six months ended:

	Mature		Emerging		Total Group	
	30 June 2021 £m	30 June 2020 £m	**30 June 2021 £m**	30 June 2020 £m	**30 June 2021 £m**	30 June 2020 £m
Revenue from external customers	**85.7**	85.9	**34.2**	33.1	**119.9**	119.0
Underlying operating profit					**20.3**	18.5
Exceptional items					**0.7**	(1.3)
Operating profit					**21.0**	17.2
Finance cost					**(2.2)**	(2.9)
Net finance cost on pensions					**(0.4)**	(0.8)
Profit before tax					**18.4**	13.5

6. Exceptional items

Exceptional income included in operating profit for the six months ended 30 June 2021 was £0.7m (six months ended 30 June 2020: charge of £1.3m). The 2021 income related to profit recognised on sale of Bellshill site of £1.3m and remaining costs associated closure of this site of £0.6m. The 2020 costs related to the closure of Bellshill (£0.9m) and the final stage of implementing the new global operating model (£0.4m). This involved restructuring the business support activities into global functions to realign the cost base for operating expenses with strategic priorities.

Costs associated with implementation of these transformation programmes were significant and incremental to the usual business activities, and as a result were classified as exceptional items. Exceptional charges comprise redundancy costs and other incremental external costs, including professional fees.

7. Tax

The tax charge for the reporting period of £2.9m (six months ended 30 June 2020: charge of £2.4m) corresponds to a tax rate of 16% (six months ended 30 June 2020: 18%). It comprises of the UK tax credit of £1.5m (six months ended 30 June 2020: £1.2m) and a foreign tax charge of £4.4m (six months ended 30 June 2020: charge of £3.6m).

As announced by the UK Government, the UK corporation tax rate will increase from 19% to 25% on 1 April 2023. The Group's deferred tax balances were remeasured to reflect this change. The remeasurement resulted in a tax credit of £1.1m reflected in the Interim Consolidated Income Statement and a credit of £1.9m presented in the Interim Consolidated Statement of Other Comprehensive Income.

The tax charge for the reporting period was calculated by applying the tax rate applicable to the total projected annual earning. As the full tax credit related to the UK tax rates changes was recognised in the first half of the year, this resulted in the tax rate for the reported period of 16% being lower than the projected rate for the year of 19%.

No additional deferred tax assets have been recognised on losses and other timing differences in the US and China and other territories as a result of uncertainty over recoverability.

8. Earnings per share

	six months ended 30 June 2021 £m	six months ended 30 June 2020 £m
Profit attributable to equity holders	**15.5**	11.1
Earnings per share		
- Basic	**9.3p**	6.6p
- Diluted	**9.2p**	6.6p
Shares in issue		
Weighted average number of shares through the period (millions)	**166.9**	166.9
Adjustments for:		
- Performance Share Plan (millions)	**1.8**	2.0
Weighted average number of shares adjusted for potential dilution (millions)	**168.7**	168.9

Share options are only treated as dilutive in the calculation of diluted earnings per share if their exercise would result in the issue of shares at less than the average market price of the shares during the period. Shares arising from share options, the deferred bonus scheme or the performance share plan are only treated as dilutive where the effect is to reduce earnings per share.

9. Dividends

The final dividend of 6.3 pence per share in respect of the year ended 31 December 2020 was paid on 20 July 2021 and amounted to £10.5m. This is shown as dividend payable in these accounts.

The interim dividend of 2.8 pence per share (2020 interim dividend: 2.7 pence) will be payable on 14 January 2022 to ordinary shareholders on the register at the close of business on 3 December 2021.

The estimated interim dividend to be paid is £4.7m and is not recognised in these accounts.

10. Property, plant and equipment

Movements in property, plant and equipment are summarised as follows:

	six months ended 30 June 2021 £m	six months ended 30 June 2020 £m
Net book value at 1 January	**209.2**	213.8
Additions – right of use assets	**1.0**	-
Additions – other	**4.5**	3.8
Impairment	**(0.2)**	-
Depreciation	**(10.1)**	(10.4)
Exchange differences	**(3.3)**	8.3
Closing net book value at 30 June	**201.1**	215.5

11. Pension obligations

The net pension obligations disclosed as non-current liabilities in the interim consolidated statement of financial position are as follows:

	30 June 2021 £m	31 December 2020 £m	30 June 2020 £m
Pension obligations	**41.2**	55.2	82.2

The decrease in the Group's net pension obligations at 30 June 2021 compared with 31 December 2020 primarily reflects the changes in financial conditions in the period resulting in changes to actuarial assumptions, including an increase in discount rates in the UK and US.

A summary of the discount rates used in the principal countries is:

	30 June 2021	31 December 2020	30 June 2020
United Kingdom	**1.80%**	1.30%	1.45%
United States	**2.45%**	2.10%	2.25%

The net pension obligations moved as follows:

	six months ended 30 June 2021 £m	six months ended 30 June 2020 £m
Opening net liability	**55.2**	64.1
Employer contributions	**(2.7)**	(1.5)
Service cost	**0.5**	0.6
Scheme administrative expenses	**0.8**	0.6
Net finance cost	**0.4**	0.8
Re-measurements	**(12.4)**	15.1
Exchange losses	**(0.6)**	2.5
Closing net liability	**41.2**	82.2

12. Equity securities issued

No ordinary shares were issued during the half year period ending 30 June 2021.

13. Reconciliation of profit before tax to cash generated from operations

	six months ended 30 June 2021 £m	six months ended 30 June 2020 £m
Profit before tax	**18.4**	13.5
Adjustments for:		
Finance cost	**2.2**	2.9
Profit on disposal	**(1.3)**	-
Net finance cost on pensions	**0.4**	0.8
Pension cost adjustment for normal contributions	**0.3**	0.3
Depreciation of property, plant and equipment	**10.1**	10.4
Impairment of PPE	**0.2**	-
Amortisation of intangible assets	**0.6**	0.6
Release from capital grants balance	**(0.1)**	(0.1)
Pension deficit funding	**(1.7)**	(0.6)
Performance share plan	**0.4**	0.5
Changes in working capital:		
Increase in inventories	**(1.5)**	(5.5)
Increase in trade and other receivables	**(4.8)**	(0.6)
Decrease in trade and other payables	**(1.0)**	(1.1)
Decrease in provisions	**(0.3)**	(0.6)
Cash generated from operations	**21.9**	20.5
Underlying operating cash flows (before pension deficit funding)	**24.6**	22.6
Pension deficit funding	**(1.7)**	(0.6)
Exceptional items	**(1.0)**	(1.5)
Cash generated from operations	**21.9**	20.5

14. Analysis of net debt

	30 June 2021 £m	31 December 2020 £m	30 June 2020 £m
Cash and cash equivalents	**14.3**	23.7	34.1
Bank overdrafts	**(2.5)**	(2.2)	(1.1)
Net Cash and Cash Equivalents	**11.8**	21.5	33.0
Other bank borrowings	**(60.7)**	(57.7)	(73.0)
US dollar private placement	**(54.2)**	(73.3)	(81.5)
Leases	**(1.3)**	(0.5)	(0.6)
Net debt	**(104.4)**	(110.0)	(122.1)

Included within current borrowings amounting to £2.9m (31 December 2020: £20.8m) are bank overdrafts of £2.5m (31 December 2020: £2.2m), finance leases of £0.4m (31 December 2020: £0.3m) and US dollar private placement of NIL (31 December 2020: £18.3m). The current tranche of the US dollar private placement of $25m was repaid in April 2021.

15. Related party transactions

The Group had no related party transactions other than key management compensation during the six months ended 30 June 2021 and 30 June 2020.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- these condensed interim consolidated Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (the **DTRs**) and with International Accounting Standard (**IAS**) 34, "Interim financial reporting" as adopted by the EU. The condensed interim consolidated Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2020 which have been prepared in accordance with interim financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and

- the interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the DTRs, 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

  (b) DTR 4.2.8R of the DTRs, 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.

The directors of Devro plc are as listed below:
Jeremy Burks
Chantal Cayuela
Rohan Cummings
Steve Good
Rutger Helbing
Lesley Jackson
Malcolm Swift

A list of the current directors is maintained on the Company's website: www.devro.com.

By order of the Board

Rutger Helbing	Rohan Cummings
Chief Executive Officer	Chief Financial Officer
28 July 2021	28 July 2021

INDEPENDENT REVIEW REPORT TO DEVRO PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Financial Position, Interim Consolidated Statements of Changes in Equity, Interim Consolidated Cash Flow Statements and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in note 2, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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

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

Mike Barradell
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
28 July 2021