ESSENTRA

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Released : 16/08/2023 07:00

RNS Number : 4303J
Essentra plc
16 August 2023

ESSENTRA PLC
("Essentra" or the "Company")
RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

A resilient half year performance. FY 23 expectations unchanged.

Results at a glance

	H1 2023 £m	H1 2022[2] £m	% change Actual FX	% change Constant FX
Revenue	166.3	175.9	-5.5	-7.1
Adjusted[1] operating profit	23.0	15.1	+52.3	+48.7
Adjusted[1] operating margin	13.8%	8.6%	520bps	520bps
Adjusted[1] pre-tax profit	23.0	3.4	>100%	>100%
Adjusted[1] basic earnings per share	5.9p	0.9p	>100%	>100%
Adjusted[1] net cash flow from operating activities	20.5	(0.9)	-	-
Reported operating profit	10.3	1.0	>100%	>100%
Reported pre-tax profit / (loss)	10.3	(10.7)	-	-
Reported net profit / (loss)	7.7	(9.0)	-	-
Reported profit / (loss) per share	2.6p	(3.0)p	-	-
Dividend per share[5]	1.2p	2.3p	-47.8	-
Net cash inflow / (outflow) from operating activities[6]	8.9	(6.4)	-	-
Free cash flow[6]	15.3	(3.5)	-	-
Net debt[4]	8.3	309.9	-	-

Net debt to adjusted EBITDA[3,4]	0.2x	2.1x	-	-

Financial and operational resilience

- H1 2023 performance in line with expectations
- Revenue decline of 5.5% to £166.3m (H1 2022[2]: £175.9m)
- Adjusted[1] operating profit increase to £23.0m (H1 2022[2]: £15.1m)
- Pro-active and disciplined management of costs
- Strong pricing maintained, offsetting inflation
- Wixroyd integration on track, unlocking new cross-sell opportunities across Europe
- Central corporate costs resized as Essentra transitions to a pure-play business. Remain on track to deliver the previously guided run rate of c.£13m

Strong balance sheet, enabling investment in organic and inorganic growth

- Adjusted[1] operating cash flow of £20.5m, cash conversion of 89.1%
- Reported net cash inflow from operating activities £8.9m (H1 2022: outflow £6.4m)
- Net debt of £8.3m, representing leverage of 0.2x EBITDA[3,4] (incl. IFRS 16 lease liabilities of £21.2m) providing significant headroom for investment
- Bolt-on acquisition pipeline is actively being managed supporting further value-enhancing M&A
- Delivering on the commitment to return £150m to shareholders. £89.8m special dividend paid in April 2023, and 27% of the £60m share buyback programme completed in H1
- Interim ordinary dividend of 1.2p per share, in line with the Company's previously stated policy

Outlook for FY 2023 unchanged

- The Board's expectations for FY 2023 remain unchanged
- The business remains resilient and has the ability to manage volume impacts, through implementation of pricing actions, and careful cost management
- Essentra remains focussed on enhancing its hassle-free customer proposition, delivering strong profit margins, and continues to invest in growth initiatives, whilst delivering on its sustainability goals
- Management re-affirm confidence in the medium-term targets outlined at the Capital Markets Event in November 2022

Commenting on the half year results, Scott Fawcett, Chief Executive, said:

"Essentra has shown financial and operational resilience in its first half year as a pure-play Components business, making further progress towards our medium-term targets, despite the macro-economic backdrop.

We continue to demonstrate the strength of our business model, which is underpinned by our global footprint, the breadth of our offer across a wide range of end-markets and our focus on our hassle-free customer proposition.

Wixroyd, acquired at the end of 2022, is performing well, and is enhancing Essentra's capabilities in hardware components, unlocking new cross-sell opportunities as products are launched into Europe.

We expect to make further progress in the second half of the year, supported by continued cost management initiatives, maintaining our pricing actions, and delivering new business wins. Our strong balance sheet supports organic growth and further investment in disciplined, value enhancing M&A. Our expectations for 2023 remain unchanged."

Presentation

A copy of these results is available on www.essentraplc.com

There will be a presentation to analysts and investors starting at 09:00 (UK time, registration from 08:30) on 16 August 2023 at Deutsche Bank, 1 Great Winchester St, London EC2N 2DB.

There are two options for participating in the event:

1. To attend in person, please e-mail your details to investorrelations@essentra.com

2. To join the live webcast of the presentation, please pre-register at: http://www.essentraplc.com/en/investors/company-information/webcasts-and-presentations

A recording of the webcast will be made available on the Company's website later in the day.

Enquiries

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Notes:

1 On a continuing operations basis, before amortisation of acquired intangible assets and adjusting items. Further details can be found in note 3 of the Condensed Consolidated Interim Financial Statements

2 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022. The results of these operations have been re-presented as discontinued operations. See note 12 for further detail

3 EBITDA is defined as operating profit before depreciation (and other amounts written off property, plant and equipment), share option expense, intangible amortisation and adjusting items. For 2023 EBITDA is calculated on a continuing basis and for 2022 on a total Group basis

4 Presented on a last twelve months basis including lease liabilities. £12.9m net funding surplus when excluding lease liabilities; 0.3x net funding surplus to EBITDA (H1 2022: 1.9x net debt to EBITDA excluding lease liabilities). For 2023 EBITDA is calculated on a continuing operations basis and for 2022 on a total Group basis

5 The 2023 interim dividend has been calculated on the earnings of the continuing operations of the business. The 2022 interim dividend of 2.3 pence per share was calculated on the Group earnings which included the earnings now reported as discontinued operations

6 A reconciliation of free cash flow and net cash inflow from operating activities on continuing operations is set out in the Financial Review section

Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions, focusing on the manufacture and distribution of plastic injection moulded, vinyl dip moulded and metal items.

Headquartered in the United Kingdom, Essentra's global network extends to 28 countries worldwide and includes over 3,000 employees, 13 manufacturing facilities, 24 distribution centres and 33 sales & service centres serving c.74,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics, medical and renewable energy.

For further information, please visit www.essentraplc.com

Cautionary forward-looking statement

These results contain forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Company accepts no obligation to revise or update these forward-looking statements publicly or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

CEO Review

Revenue in H1 2023 reduced by 5.5% to £166.3m (7.1% decline at constant currency), and 10.4% LFL decline excluding the acquisition of Wixroyd, completed in December 2022. H1 2022 was particularly strong due to significant end-market recovery and easing supply chains.

Essentra demonstrated continued financial resilience in the first half of 2023, making progress against our medium-term targets delivering £23.0m adjusted operating profit and 13.8% adjusted operating profit margin. Pricing actions at the start of 2023 combined with disciplined cost management initiatives have supported margin performance partly offsetting sales volume decline in the period, and will continue to benefit the business in the second half of the year.

As part of our transition to a pure-play Components business, the right-sizing of central corporate costs is progressing, recognising £6.2m of central corporate costs in the period. A one-off cost of £0.9m has been recognised within adjusting items relating to a restructuring of the business following the two disposals and the business remains on track to deliver the previous guided run rate of c.£13m. H1 2022 central corporate costs totalled £20.0m, of which £12.1m related to central corporate costs for the continuing business, and £7.9m of central corporate costs previously allocated to discontinued operations.

The business continues to hold a strong balance sheet, with H1 2023 adjusted EBITDA to net debt leverage of 0.2x including IFRS 16 lease liabilities, and generated £20.5m of adjusted operating cash flow (89.1% cash conversion). Essentra is therefore well placed, with substantial headroom, to support future organic growth opportunities and drive further investment across an active and value-enhancing M&A pipeline.

EMEA

	H1 2023 £m	% growth Actual FX	% growth Constant FX
Revenue	89.8	+0.2	-0.1
Gross profit	45.2	-1.7	-2.2
Gross margin	50.3%	-100bps	-110bps

EMEA has seen a broadly flat revenue performance in H1, with evidence of softening towards the end of Q2 2023 in line with macro-economic trends and levels of industrial production. Whilst the consumer products end-market segment has seen a reduction year-on-year, consistent with trends communicated at FY 2022 results, the region has seen an expansion of renewable energy and industrial equipment end-market segments supported by new business wins.

Revenue in H1 2023 was £89.8m, a 0.1% reduction on a constant currency basis. On a LFL trading day adjusted revenue basis and after adjusting for the acquisition of Wixroyd, the region saw a decline of -4.3% in Q1, improving to 0.2% in Q2.

The Wixroyd business, acquired in December 2022, has expanded Essentra's capabilities in hardware components and has performed in line with expectations in H1 2023. Integration is progressing well, with c.750 SKUs being launched into Europe, unlocking new cross-sell opportunities.

The region anticipates the expansion of our access hardware proposition in H2, as well as driving further exposure to machinery and automation end-markets, supported by new product introductions, and the acceleration of cross-selling.

H1 2023 gross margin of 50.3% remains strong, led by pricing offsetting inflation, and pro-active cost control including operational efficiencies, partly mitigating volume decline. The business will continue to sustain pricing actions and disciplined cost management through the second half.

AMERICAS

	H1 2023 £m	% growth Actual FX	% growth Constant FX
Revenue	56.6	-8.3	-12.6
Gross profit	21.0	-9.5	-13.1
Gross margin	37.1%	-50bps	-20bps

Consistent with the market environment described in our previous trading update, distributors have continued to destock in the first six months of the year, which has had an impact on the Americas region. Encouragingly, in Q2 2023, end-user channels have seen signs of improvement.

Revenue in H1 2023 was £56.6m, a 12.6% reduction on a constant currency basis. Trading day adjusted revenue saw a decline of 12.2% in Q1 compared to decline of 14.3% in Q2. The business continues to focus on the normalisation of distributor volumes, and driving new business across the customer base, including cross-sell, as well as new customer acquisition.

The region is focussed on the acceleration of near-shoring opportunities, enabled by the opening of the manufacturing facility in Monterrey, Mexico which is commencing operations. This expansion project builds Essentra's manufacturing presence, increasing capacity to support future wider growth plans, and will bring production closer to customer demand.

H1 2023 gross margin of 37.1% saw a 20bps reduction on the prior year on a constant currency basis, and the region will continue to sustain pricing actions and disciplined cost management through the second half.

APAC

	H1 2023 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	19.9	-19.1	-18.3
Gross profit	6.8	-19.0	-18.8
Gross margin	34.2%	+10bps	-20bps

In keeping with the market environment outlined in previous trading updates, APAC performance has been driven by the market dynamic in China, which has seen a steady and gradual improvement with recovery initially seen from the end of the first quarter. The consumer products end-market segment has contracted compared to the previous year, although remains the largest end-market segment. The renewables end-market segment has more than doubled year-on-year, supported by new business wins, including solar projects.

Revenue in H1 2023 was £19.9m, a 18.3% reduction on a constant currency basis. Trading day adjusted revenue saw a decline of 27.5% in Q1, improving to a decline of 10.5% in Q2.

The region continues to explore commercial opportunities in emerging Asia markets, notably Vietnam, and anticipates that the integration of the Hengzhu business acquired in 2021 will accelerate, encouraged by the lifting of pandemic related restrictions in China, with access hardware solutions being an enabler of cross-selling.

H1 2023 gross margin of 34.2% saw a 20bps reduction on the prior year on a constant currency basis. The focus remains on disciplined cost management and operational excellence to maintain profit margins through H2.

Group strategy and medium term targets. Essentra is a leading global provider of essential components and solutions, focusing on the manufacture and distribution of injection moulded, vinyl dip moulded and metal items. We have a unique business model, in a highly fragmented market, combining manufacturing and distribution, enabling breadth and depth of product offer. The business is diversified, with a high margin and scope to expand through scale and operational effectiveness. With strong returns, and cash conversion, the business is able to further drive growth through value enhancing M&A and has a disciplined approach to acquisitions, integrating ten acquisitions in the previous twelve years.

In November 2022, Management laid out a clear strategy to drive organic growth and market share gains. The ambition of the business is to double the revenue and triple operating profits in the medium term, with clear metrics to achieve our strategy:

Medium-term financial targets:

- Organic revenue >5% CAGR
- Total revenue >10% CAGR
- Adjusted operating margin c.18%
- Operating cash conversion >85%
- Net debt to EBITDA <1.5x

Supported by:

- A clear strategy to drive market share gains, supported by a leading market position in a highly fragmented market
- Margin expansion from scale, operating efficiencies, and pricing initiatives
- A highly cash generative business with continued focus on working capital management
- A strong financial framework and balance sheet to pursue value enhancing bolt-on M&A

Our "hassle-free" customer experience. Our two closely linked customer experience KPIs continue to show good progress, and are aligned with our commitment to a "hassle-free" proposition. Monthly post-purchase questionnaire metrics indicate a continued improvement year-on-year (ahead of the publication of the annual customer survey that is expected to take place in H2), and we have seen an improvement in on-time-in-full performance ("OTIF") compared to H1 2022, which is aligned with the prior year exit rate (in excess of 82%). We maintain the expectation that OTIF service levels will return to pre-pandemic levels by the end the of the year.

The business continues to make further digital progress, continuing to enhance the next generation websites, that are live in 26 countries. Supported by the new digital hub in Turkey that was established in 2022, new functionalities have been launched, including "my account" and continued AI developments that will improve organic traffic and customer conversation rates for the majority of customers' that start their journey online.

ERP implementation progress. The business continues to make progress with the ERP implementation, following a phased approach. We maintain the expectation that the platform will be deployed across all five Eastern Europe sites including the distribution hub in Poland in 2023 and we will continue to make improvements in our live countries in Spain and France. Continuous improvements will benefit future site deployments, whilst maintaining focus on a "hassle-free" customer experience. It is anticipated that up to £12.0m will be spent in 2023 in line with previous guidance. As of the half year, £4.9m adjusting items have been recognised, relating to Software as a Service ("SaaS") costs.

ESG progress. Essentra continues to focus on the five pillars of its ESG strategy as previously announced at the Capital Markets Event in November 2022, comprising of Planet, Culture, Communities, Components and Customers, and has made excellent progress towards the mid-term targets in H1 2023.

Renewable energy consumption globally has increased to over 40% (FY 2022: 31%) including the renewable energy generated at our Rayong site in Thailand, which commenced operation in Q1 2023. This has had a beneficial impact on our emissions intensity, which is tracking at 44.5T CO_2e per GBP million of revenue at the half year. (FY 2022: 58.4T).

As shared at the full year results announcement, Essentra achieved its 2025 emissions reduction target at the end of 2022, and has committed to the Science Based Targets initiative. We anticipate that new targets will be submitted for validation in Q3 2023 including short-term and net zero targets for our scope 1, 2 and 3 emissions.

In terms of our waste reduction targets, five additional sites are on target to reach zero waste to landfill by end of 2023, which will bring our total to 17 sites, representing just under 50% of our global footprint.

Essentra has continued to expand the range of products that are made using more sustainable materials, over 3,900 products contain recycled content across the product offering. The business remains confident in achieving the previously set target of 20% (of raw materials from sustainable sources by 2025 across our polymer ranges) earlier than initially targeted, achieving in excess of 20% at the half year and is developing the next set of targets to build on this progress. Our new centre of excellence, which will be open in Kidlington in Q3 2023, is a dedicated facility for trialling and showcasing new and innovative materials.

We have progressed our Communities ESG pillar throughout the period, and have applied to join the UN Global Compact, a strategic initiative that supports global companies that are committed to responsible business practices. Essentra has also committed to increasing engagement with retail shareholders through membership of The Engagement Appeal ("TEA"). TEA's objective is to increase interaction between corporate firms and their retail investors and Essentra looks forward to supporting and growing The Engagement Appeal movement.

Management changes. To support the Company's transition to a pure-play Components business and achievement of our medium-term targets, the Company has made changes to the Group Executive Committee ("GEC").

Gabriele Hannen was appointed as Chief Strategy Officer in March 2023, having joined Essentra in 2019 as Finance Director for the Components business. Gabriele has previously held a variety of Finance and wider leadership roles with a focus on business growth and change. In this role, Gabriele will support the delivery of both short-term performance and long-term strategic objectives, including the delivery and implementation of the new ERP platform.

Stuart Payne has been appointed as Asia Managing Director on a secondment basis, effective from 1 June 2023. Stuart joined Essentra in 2021 and has a broad experience that will help lead the APAC business to deliver its financial and non-financial goals for 2023.

Catherine Lynch has been appointed to the role of Chief People Officer, joining the Company in August 2023, bringing a wealth of experience across a variety of sectors and involvement in transformation projects and acquisitions, most recently at Rentokil. Catherine is a Non-Executive Director and Remuneration Committee Chair at Staffline Plc, an AIM listed business. Oshin Cassidy, Group HR Director, who played a pivotal role during the strategic review, left the Company at the end of June 2023.

Shareholder returns. The Board announced a £60m share buyback programme in February 2023, funded through the residual net transaction proceeds from the disposals of its Filters and Packaging businesses, which completed in Q4 2022.

During the period, a total of 8.37m shares were purchased, at an average purchase price of 193.7 pence per share, totalling £16.2m. The programme is c.27% complete as of 30 June 2023. Of the shares purchased, 4.14m were transferred into treasury, and 4.23m have subsequently been cancelled, which represented 1.4% of the issued share capital of the Company (excluding treasury shares) when the programme commenced.

As previously announced, the Company paid a special dividend of £89.8m, representing approximately 29.8 pence per ordinary share, on 27 April 2023.

Ordinary Dividend. The Board of Directors has declared a 2023 interim dividend of 1.2 pence per share. The interim dividend is in line with the Board's commitment to a progressive dividend policy maintaining dividend cover in the order of three times earnings. The interim dividend has been calculated on the earnings of the continuing operations of the business (2022 interim dividend of 2.3 pence per share was calculated on the Group earnings, which includes the earnings that are now reported as discontinued operations).

The interim dividend will be paid on 27 October 2023 to shareholders on the share register at the record date, being 22 September 2023. The ex-dividend date will be 21 September 2023. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC. The final date for DRIP elections will be 6 October 2023.

Outlook. Guidance for 2023 remains unchanged. The business has historically shown resilience through the cycle and continues to manage volume impacts through disciplined cost management and pricing actions.

Whilst we continue to see distributor destocking and changes in the European macro-economic environment, profitability continues to be robust as we move into H2 2023 and China's reopening is showing a steady improvement, benefitting our business in Asia.

Management retains confidence that Essentra's robust and differentiated business model will support continued delivery against the medium-term targets shared at the capital markets event in November 2022. Essentra's global manufacturing and distribution footprint, market-leading positions and focus on delivering excellent customer service will support ongoing organic growth and profitability, whilst the continued strength of our balance sheet will drive disciplined investment in our strong pipeline of value enhancing bolt-on M&A opportunities, which is being actively managed.

Financial Review

Discontinued Operations. The results of the Packaging business and the Filters business have been classified as discontinued operations at 31 December 2022 and comparative information for H1 2022 has been re-presented. Discontinued operations recognised a £0.8m post-tax loss (H1 2022: £178.4m loss) for the period, as reported in the Condensed Consolidated Income Statement. Refer to note 12 in the Condensed Consolidated Interim Financial Statements for further information.

Constant foreign exchange rates. The constant exchange rate basis ("constant FX") adjusts the comparative to exclude the effect of currency movements, to show the underlying performance of the Company. The principal exchange rates for Essentra were:

	-------- Average --------		-------- Closing --------	
	H1 2023	**H1 2022**	**H1 2023**	**H1 2022**
US$:£	1.23	1.29	1.27	1.21
€:£	1.14	1.18	1.17	1.16

Re-translating at H1 2023 average exchange rates increases the prior year revenue by £3.0m, increases prior year gross profit by £1.2m and increases prior year operating profit by £0.3m.

Like-for-like ("LFL"). The term "like-for-like" describes the performance of the continuing business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. The H1 2023 LFL results are adjusted for the acquisition of Wixroyd Group ("Wixroyd") on 1 December 2022. The H1 2022 results have been adjusted for the completion of the Packaging business disposal previously announced on 3 October 2022 and the completion of the Filters business disposal previously announced on 5 December 2022.

Adjusted basis. The term "adjusted" excludes the impact of amortisation of acquired intangible assets and adjusting items, less any associated tax impact. In H1 2023, amortisation of acquired intangible assets was £5.7m (H1 2022: £5.0m), and there was a pre-tax charge for adjusting items of £7.0m (H1 2022: £9.1m). In the current year, the adjusting items include £4.9m major software as a service ("SaaS") development expenditure (the majority of which is relating to the ERP implementation); £0.9m from restructuring activities to right-size the Group following the disposal of Filters and Packaging, and £0.8m relating to legacy pension scheme costs. A further £0.4m was incurred relating to the acquisition of Wixroyd. Further details on adjusting items are shown in note 3 to the Condensed Consolidated Interim Financial Statements.

Adjusted operating cash flow. Adjusted operating cash flow is net cash flow from operating activities, excluding income tax paid, pensions adjustments and cash flows relating to adjusting items, less net capital expenditure. It is a measure of the underlying cash generation of the business. Net capital expenditure is included in this measure as management regard investment in operational assets (tangible and intangible) as integral to the underlying cash generation capability of the Company.

Constant FX, LFL and adjusted measures are provided to reflect the underlying financial performance of Essentra. For further details on the performance metrics used by Essentra, please refer to pages 17, 20-21 and 25 of the 2022 Annual Report.

IAS 29: Turkey Hyperinflation. International Accounting Standard ("IAS") 29, Financial Reporting in Hyperinflationary Economies, has been applied to the Components business in Turkey. There has been more than a 100% increase in the Consumer Price Index in Turkey between 2019 and 2023. As a result of IAS 29, a reduction in net assets of £2.4m and a reduction in profit before tax of £0.8m has been recognised within the 2023 half year results. The Components business in Turkey contributes c.8% revenue to the Group.

Statutory to Adjusted Reconciliation:

30 June 2023	Reported	Acquisitions	Amortisation of acquired intangible assets	Adjusting items	Tax on adjustments	FX	LFL [1,3] / Adjusted
Revenue	£166m	£(6)m	-	-	-	-	£160m
Operating profit	£10m	-	£6m	£7m	-	-	£23m
Pre-tax profit	£10m	-	£6m	£7m	-	-	£23m
Net income	£8m	-	£6m	£7m	£(3)m	-	£18m

Values are presented on a rounded basis

30 June 2022[2]	Reported	Acquisitions	Amortisation of acquired intangible assets	Adjusting items	Tax on adjustments	FX	LFL [1,3] / Adjusted
Revenue	£176m	-	-	-	-	£3m	£179m
Operating profit	£1m	-	£5m	£9m	-	-	£15m
Pre-tax (loss) / profit	£(11)m	-	£5m	£9m	-	-	£3m
Net (loss) / income	£(9)m	-	£5m	£9m	£(2)m	-	£3m

Values are presented on a rounded basis

1 Adjusted operating profit, adjusted pre-tax profit and adjusted net income relate to continuing operations
2 Prior year has been re-presented to remove the disposed Packaging and Filters businesses. See note 1 to the Condensed Consolidated Interim Financial Statements
3 Like-for-like has been adjusted for the acquisition of Wixroyd

Net finance expense. Net finance expense of £nil compared to £11.7m in the prior year period, and is broken down as follows:

	H1 2023 £m	**H1 2022[1] £m**
Interest income	(2.0)	(0.1)
Interest expense	2.0	6.4
Amortisation and write-off of bank fees	-	0.8
Net IAS 19 pension finance charge	0.1	-
Interest on leases	0.8	0.6
Net other finance (income) / expense including FX gains and losses	(0.2)	0.1
Monetary gain on hyperinflation	(0.7)	(2.2)
Loan revaluations associated with discontinued activity	-	6.1
Total net finance expense on continuing	**0.0**	**11.7**

operations		
Interest on discontinued leases and other discontinued finance charges/gains	-	**0.5**
Total Group net finance expense	**0.0**	**12.2**

1 Prior year has been re-presented to remove the disposed Packaging and Filters businesses. See note 1 to the Condensed Consolidated Interim Financial Statements

The reduction in net finance expense is led by the previously communicated changes to the Company's main sources of funding after the strategic review process. H1 2022 also includes a one-off item, related to loan revaluations associated with discontinued activities (£6.1m).

Tax. The effective tax rate on underlying profit before tax (before adjusting items and amortisation of acquired intangible assets) was 23.5% (H1 2022 re-presented: 21.5%). The underlying effective tax rate for H1 2023 is within the continuing operations FY 2023 forecast tax rate range of 23% to 25%.

Consistent with the disclosure of tax rates at FY 2022, this increased tax rate compared to the prior year is primarily driven by the previously announced increase of the UK income tax rate from 19% to 25% with effect from 1 April 2023, partially offset by a reduction in the Turkish income tax rate from 23% to 20% and a favourable profit mix in the period.

Net working capital. Net working capital is defined as Inventories plus Trade & other receivables less Trade & other payables, adjusted to exclude interest accruals and capital payables ("Adjustments").

	H1 2023 **£m**	**H1 2022[1]** **£m**
Inventories	59.2	63.6
Trade & other receivables	68.8	73.4
Trade & other payables	(68.6)	(89.8)
Adjustments	2.1	4.0
Net working capital	**61.5**	**51.2**

1 Prior year has been re-presented to remove the disposed Packaging and Filters businesses. See note 1 to the Condensed Consolidated Interim Financial Statements

The increase in net working capital is predominately due to a reduction in Trade and other payables as a result of re-sizing the cost base in the current year, as well as £9.1m included in the prior year period associated with the cost of disposals. This is partly offset by a reduction in receivables, as well as inventory rebalancing, after an initial inventory build in the prior year period.

Adjusted operating cash flow from continuing operations. Adjusted operating cash flow from continuing operations of £20.5m equated to an operating cash conversion of 89.1% at the half year. Free cash flow was £15.3m compared to an outflow of £3.5m in H1 2022.

	H1 2023 **£m**	**H1 2022** **£m**
Adjusted operating profit	**23.0**	**15.1**
Depreciation and amortisation of non-acquired intangible assets	6.9	8.5
Right-of-use asset depreciation	2.7	2.7
Share option expense / other movements	(0.6)	(1.0)
Change in working capital	(6.7)	(19.7)
Net capital expenditure	(4.8)	(6.5)
Adjusted operating cash flow	**20.5**	**(0.9)**
Tax[1]	(1.4)	4.1
Cash outflow in respect of adjusting items[1,2]	(15.0)	(16.5)
Pension contribution[2]	-	0.4
Add back: net capital expenditure	4.8	6.5
Net cash inflow / (outflow) from operating activities[3]	**8.9**	**(6.4)**
Adjusted operating cash flow	**20.5**	**(0.9)**
Tax[1]	(1.4)	4.1
Net interest paid	(3.8)	(7.1)
Pension contribution[2]	-	0.4
Free cash flow	**15.3**	**(3.5)**

1 Tax paid excludes the tax paid/received in relation to adjusting items and discontinued operations. This is included within the cash outflow in respect of adjusting items and discontinued operations
2 Pension contribution of £2.5m in H1 2023 for legacy pension schemes has been included within cash outflow in respect of adjusting items
3 Statutory cash flows from operating activities can be found in the Condensed Consolidated Interim Financial Statements

Net funding surplus / debt. Net debt at the end of the period was £8.3m compared to a net funding surplus of £113.8m at 31 December 2022 (including lease liabilities). The overall increase in net debt was mainly driven by shareholder capital returns previously communicated at the FY 2022 results, offset by free cash flow generated in the period.

The Group's financial ratios remain healthy. Net debt to EBITDA (on a continuing basis) including lease liabilities was 0.2x (H1 2022: net debt 2.1x on a total group basis). The ratio of net funding surplus to EBITDA (on a continuing basis) excluding lease liabilities was (0.3)x (H1 2022: net debt 1.9x on total group basis).

	2023 **£m**
Net funding surplus as at 1 January 2023	**113.8**
Free cash flow	15.3
Cash flow from discontinued businesses including disposal costs	(14.3)
Cash outflow in respect of adjusting items	(15.0)
Foreign exchange	4.2
Special dividend to equity holders	(89.8)
Share buyback	(16.2)
Final 2022 dividend to equity holders	(3.0)
Lease liability movements	(1.9)
Movement in loan hedging derivatives	(1.4)
Net debt as at 30 June 2023	**(8.3)**

Pensions. As at 30 June 2023, the Company's IAS 19 net pension net liability was £6.8m (FY 2022: £10.6m). The decrease in the liability is a result of an actuarial gain (driven by an increase in discount rate) being netted off against an adverse return on plan assets.

Treasury policy and controls. Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. The Company intends to use derivatives to manage foreign currency and interest rate risk arising from underlying business activities. Whilst some transactions may be of a more speculative nature, they are in place with a view to manage exchange rate risk only. Underlying policy assumptions and activities are reviewed by the Treasury Committee. Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating.

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases over a period of up to 18 months.

Management of principal risks. The Board considers risk assessment, identification of mitigating actions and internal controls to be fundamental to achieving Essentra's strategic objectives.

2023 HALF YEAR RISK DISCLOSURE

There have been no material changes to the Company's Principal and Emerging Risks since the publication of the 2022 Annual Report and Accounts. Whilst the macro-economic environment, geopolitical situation and general trading conditions continue to be difficult, the Company remains confident that the mitigations already in place are sufficient to manage the risk within the previously agreed risk appetite.

The Board has established a risk and internal control structure designed to manage the delivery of the Company's strategic objectives. The Risk Assurance team, independent of management, enables and facilitates the risk management process across the Company and acts as the custodian of the Company's risk framework and supports risk management activities.

The Group Executive Committee ("GEC") (formerly the Group Management Committee ("GMC")) has assumed the risk responsibilities previously discharged by the Group Risk Committee ("GRC"). These responsibilities are to focus and co-ordinate risk management activities throughout the Company and to facilitate the appropriate identification, evaluation, mitigation and management of all key business risks. In addition, the GEC reviews the risk appetite and ongoing risk management approach and makes recommendations on risk appetite to the Board and actions required to ensure adequate controls and mitigating actions are in place against identified risks.

As an important part of fulfilling its responsibilities, the Board receives regular reporting from the Chief Executive in relation to risks and exposures to enable the Board to challenge and review the GEC's approach and views on key risks.

The regional and functional leadership teams will undertake regular reviews during the course of the year and engage in facilitated discussions with Risk Assurance to consider the risk environment for their particular functional or geographic area of responsibility, and how these could impact on the achievement of the Company's strategic objectives.

The Board considers the nature and extent of the Principal Risks it is prepared to take in achieving its strategic objectives - its risk appetite - biannually by evaluating these risks against a three-point scale from "risk-averse" to "risk-neutral" to "risk-tolerant". This informs the development and focus of mitigating actions for each of the Principal Risks with a particular focus on risks that are assessed to be outside the agreed appetite.

At a strategic level, the Company's risk management objectives are to:

- Identify the Company's significant risks and appropriate mitigating actions
- Formulate the risk appetite and ensure that the business profile and plans are consistent with it
- Develop plans to bring any exposures that are outside appetite in line with the agreed appetite
- Ensure that growth plans are properly supported by an effective risk management framework
- Help management teams improve the control and co-ordination of risk-taking across the Company.

During the period, the Board has considered the Principal and Emerging Risks, as disclosed on pages 54-65 of our 2022 Annual Reports and Accounts, in the context of the objectives noted above and across four risk categories: strategic risks, external risks, operational risks and disruptive risks. These risks are summarised as follows:

Strategic risks

- Macro-economic environment - delivering successfully throughout the economic cycle. Whilst the broad economic environment has low growth rates in many end-markets, the Company continues to manage its cost base to minimise the impact on operating margins
- Environment - our impact on the environment (including single-use plastics) and climate change
- Social - the impact of our business on our stakeholders and the societies in which we operate
- Digital transformation - the delivery of our Business Process Redesign programme, our eCommerce platforms and the integrity and fidelity of our data
- Leadership talent and capability - our ability to attract, retain, develop and motivate the talent we need to be successful
- M&A execution and integration - our ability to successfully deliver on our inorganic growth plans

External risks

- Governance - ensuring legal and regulatory compliance across the broad range of jurisdictions in which we operate
- Cyber event - the impact of a cyber security breach or data breach

Operational risks

- Execution of strategic plan - our ability to deliver on our operational and commercial improvement plans to drive organic growth
- Health and safety performance - ensuring the physical and emotional wellbeing of our people

Disruptive risks

- Operational and supply chain disruption - the impact of disruptive events across our broad operational footprint and diverse supply chains

Emerging risks

- Regulatory change - compliance with changes in the regulatory environment which is complicated by the geographical breadth of the Company's operations
- Technology disruptors - responding to evolving technologies effectively to avoid losing competitive advantage as rivals deploy advanced manufacturing technologies
- Sentiment towards plastic - sentiment is evolving at pace and could affect medium-term demand for many of Essentra's products

Condensed consolidated income statement

	Note	**Six months ended 30 Jun 2023 £m**	Six months ended 30 Jun 2022 £m[1]	Year ended 31 Dec 2022 £m
Revenue	2	**166.3**	175.9	337.9
Gross Profit	2	**73.0**	77.6	148.0
Operating profit/(loss)[2]		**10.3**	1.0	(11.3)
Finance income		**6.9**	3.6	7.1
Finance expense		**(6.9)**	(15.3)	(24.9)
Profit/(loss) before tax		**10.3**	(10.7)	(29.1)
Income tax (charge)/credit		**(2.6)**	1.7	(2.0)
Profit/(loss) for the period from continuing operations		**7.7**	(9.0)	(31.1)
Loss from discontinued operations	12	**(0.8)**	(178.4)	(152.7)
Profit/(loss) for the period		**6.9**	(187.4)	(183.8)
Attributable to:				
Equity holders of Essentra plc		**6.9**	(188.6)	(188.0)
Non-controlling interests		**-**	1.2	4.2
Profit/(loss) for the period		**6.9**	(187.4)	(183.8)
Earnings per share attributable to equity holders of Essentra plc:				
Basic	5	**2.3p**	(62.7)p	(62.4)p
Diluted	5	**2.3p**	(62.7)p	(62.4)p
Earnings per share from continuing operations attributable to equity holders of Essentra plc:				
Basic	5	**2.6p**	(3.0)p	(10.3)p
Diluted	5	**2.6p**	(3.0)p	(10.3)p

Adjusted profit measure: continuing operations				
Operating profit/(loss)		**10.3**	1.0	(11.3)
Amortisation of acquired intangible assets		**5.7**	5.0	10.4

Adjusting items	3	**7.0**	9.1	26.0
Adjusting operating profit[3]		**23.0**	15.1	25.1

Notes:

1 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022. The results of these operations have been re-presented as discontinued operations. See note 12 for details

2 Includes impairment charge on trade receivables of £0.3m (six months ended 30 June 2022: £0.1m credit)

3 See note 3 for further details of the adjusted profit measure

Condensed consolidated statement of comprehensive income

	Note	**Six months ended 30 Jun 2023 £m**	Six months ended 30 Jun 2022 £m[1]	Year ended 31 Dec 2022 £m
Profit/(loss) for the period		**6.9**	(187.4)	(183.8)
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement of defined benefit pension schemes		**1.4**	(6.0)	(20.5)
Deferred tax (charge)/credit on remeasurement of defined benefit pension schemes		**(0.4)**	1.4	5.1
		1.0	(4.6)	(15.4)
Items that may be reclassified subsequently to profit or loss in subsequent periods:				
Effective portion of changes in fair value of cash flow hedges:				
Net change in fair value of cash flow hedges transferred to the income statement		**2.3**	(12.6)	(16.4)
Ineffective portion of changes in fair value of cash flow hedges transferred to the income statement		**0.1**	2.6	1.0
Effective portion of changes in fair value of cash flow hedges		**(0.6)**	9.7	16.1
Foreign exchange translation differences:				
Attributable to equity holders of Essentra plc:				
Arising on translation of foreign operations		**(18.9)**	47.0	54.6
Recycling of foreign currency translation reserve		**-**	-	(38.7)
Arising on effective net investment hedges	15	**1.0**	(17.9)	(21.7)
Income tax (expense)/credit		**(1.4)**	(2.5)	0.9
Attributable to non-controlling interests		**-**	0.8	(0.1)
		(17.5)	27.1	(4.3)
Total other comprehensive (expense)/income for the period, net of tax		**(16.5)**	22.5	(19.7)
Total comprehensive expense for the period		**(9.6)**	(164.9)	(203.5)
Attributable to:				
Equity holders of Essentra plc		**(9.6)**	(166.9)	(207.6)
Non-controlling interests		**-**	2.0	4.1
Total comprehensive expense for the period		**(9.6)**	(164.9)	(203.5)
Attributable to:				
Continuing operations		**(8.8)**	13.5	(12.1)
Discontinued operations		**(0.8)**	(178.4)	(191.4)
Total comprehensive expense for the period		**(9.6)**	(164.9)	(203.5)

Notes:

1 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022. The results of these operations have been re-presented as discontinued operations. See note 12 for details

Condensed consolidated balance sheet

	Note	**30 Jun 2023**	30 Jun 2022	31 Dec 2022
		£m	£m	£m
Assets				
Property, plant and equipment	6	**60.0**	159.7	65.2
Lease right-of-use asset	7	**18.5**	38.7	21.0
Investment properties		**7.0**	-	7.0
Intangible assets	8	**187.5**	206.4	206.6
Long-term receivables		**18.2**	2.8	11.6
Derivative assets	15	**6.9**	10.7	8.3
Deferred tax assets		**9.8**	8.8	11.7
Retirement benefit assets	9	**9.5**	22.9	7.9
Total non-current assets		**317.4**	450.0	339.3
Inventories		**59.2**	117.5	65.0
Income tax receivable		**-**	1.2	1.1
Trade and other receivables		**68.8**	143.4	66.4
Derivative assets	15	**0.6**	0.1	0.2
Cash and cash equivalents	10	**96.3**	143.3	421.4
Total current assets		**224.9**	405.5	554.1
Assets in disposal group held for sale or distribution	12	**-**	409.0	-
Total assets		**542.3**	1,264.5	893.4
Equity				
Issued share capital	14	**74.6**	75.6	75.6
Merger relief reserve		**385.2**	385.2	385.2
Capital redemption reserve	14	**1.1**	0.1	0.1
Other reserve		**(132.8)**	(132.8)	(132.8)
Cash flow hedging reserve		**1.0**	(1.8)	(0.8)
Translation reserve		**(71.7)**	(20.9)	(52.4)
Retained earnings		**26.2**	145.3	129.2
Attributable to equity holders of Essentra plc		**283.6**	450.7	404.1
Non-controlling interests		**-**	18.2	-
Total equity		**283.6**	468.9	404.1
Liabilities				
Interest bearing loans and borrowings	10	**90.3**	142.7	85.0
Lease liabilities	10	**16.7**	33.8	18.0
Retirement benefit obligations	9	**16.3**	22.1	18.5
Provisions		**0.7**	1.1	1.1
Other financial liabilities		**-**	1.3	2.4
Deferred tax liabilities		**6.8**	17.5	7.6
Total non-current liabilities		**130.8**	218.5	132.6
Interest bearing loans and borrowings	10	**-**	270.5	208.0
Lease liabilities	10	**4.5**	6.9	4.9
Derivative liabilities	15	**0.5**	0.4	1.3
Income tax payable		**15.7**	19.7	16.2
Trade and other payables		**68.6**	151.5	91.5
Other financial liabilities		**32.1**	4.6	24.1
Provisions		**6.5**	-	10.7
Total current liabilities		**127.9**	453.6	356.7
Liabilities in disposal group held for sale or distribution	12	**-**	123.5	-
Total liabilities		**258.7**	795.6	489.3
Total equity and liabilities		**542.3**	1,264.5	893.4

Condensed consolidated statement of changes in equity

Six months ended 30 June 2023

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves[1] £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	**75.6**	**385.2**	**0.1**	**(132.8)**	**(0.8)**	**(52.4)**	**129.2**	**-**	**404.1**
Profit for the period							6.9	-	**6.9**
Other comprehensive income/(expense)					1.8	(19.3)	1.0	-	**(16.5)**
Total comprehensive income/(expense) for the period	-	-	-	-	1.8	(19.3)	7.9	-	**(9.6)**
Share option expense							0.7	-	**0.7**
Tax relating to share-based incentives							(0.2)	-	**(0.2)**
Net impact of hyperinflation[2]							(2.4)	-	**(2.4)**
Purchase of own shares							(16.2)	-	**(16.2)**
Cancellation of shares	(1.0)		1.0				-	-	**-**
Dividends paid							(92.8)	-	**(92.8)**
At 30 June 2023	**74.6**	**385.2**	**1.1**	**(132.8)**	**1.0**	**(71.7)**	**26.2**	**-**	**283.6**

Six months ended 30 June 2022

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves[1] £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	75.6	385.2	0.1	(132.8)	(1.5)	(47.5)	333.6	16.2	628.9
(Loss)/profit for the period							(188.6)	1.2	(187.4)
Other comprehensive income/(expense)					(0.3)	26.6	(4.6)	0.8	22.5
Total comprehensive income/(expense) for the period	-	-	-	-	(0.3)	26.6	(193.2)	2.0	(164.9)
Share option expense							1.6	-	1.6
Tax relating to share-based incentives							(0.6)	-	(0.6)
Net impact of hyperinflation[2]							15.9	-	15.9
Dividends paid							(12.0)	-	(12.0)
At 30 June 2022	75.6	385.2	0.1	(132.8)	(1.8)	(20.9)	145.3	18.2	468.9

Condensed consolidated statement of changes in equity (continued)

Year ended 31 December 2022

	Issued capital £m	Merger relief reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging and cost of hedging reserves[1] £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	75.6	385.2	0.1	(132.8)	(1.5)	(47.5)	333.6	16.2	628.9
(Loss)/profit for the period							(188.0)	4.2	(183.8)
Other comprehensive income/(expense)					0.7	(4.9)	(15.4)	(0.1)	(19.7)
Total comprehensive income/(expense) for the period	-	-	-	-	0.7	(4.9)	(203.4)	4.1	(203.5)
Recycling of non-controlling interest								(18.4)	(18.4)
Share option expense							3.1	-	3.1
Tax relating to share-based incentives							(0.6)	-	(0.6)
Net impact of hyperinflation[2]							15.5	-	15.5
Dividends paid							(19.0)	(1.9)	(20.9)
At 31 December 2022	75.6	385.2	0.1	(132.8)	(0.8)	(52.4)	129.2	-	404.1

Notes:

1 See note 15 for details of hedging reserve movements in relation to derivatives

2 The net impact on retained earnings as a result of the index-based adjustments in Turkey under IAS 29 'Financial Reporting in Hyperinflationary Economies'

Condensed consolidated statement of cash flows

	Note	Six months ended 30 Jun 2023 £m	Six months ended 30 Jun 2022 £m[1]	Year ended 31 Dec 2022 £m
Operating activities				
Profit/(loss) for the period from:				
Continuing operations		**7.7**	(9.0)	(31.1)
Discontinued operations		**(0.8)**	(178.4)	(152.7)
Profit/(loss) for the period		**6.9**	(187.4)	(183.8)
Adjustments for:				
Income tax expense/(credit)		**2.4**	(7.3)	(2.0)
Net finance expense		**-**	12.2	18.4
Intangible amortisation		**6.5**	12.9	19.6
Adjusting items		**7.0**	9.1	26.0
Loss on business disposals including cost of disposals		**-**	19.3	19.0
Impairment of acquired intangible assets on discontinued operations		**-**	182.7	182.7
Depreciation of property, plant and equipment		**6.1**	19.7	29.5
Lease right-of-use asset depreciation		**2.7**	6.1	10.1
Loss on disposal of right-of-use asset		**-**	-	0.2
Profit on disposal of fixed assets		**-**	(0.1)	0.3
Impairment of fixed assets		**-**	0.3	0.5
Share option expense		**0.7**	1.6	2.6
Hedging activities and other movements		**(0.6)**	-	0.8
Decrease/(increase) in inventories		**2.7**	(22.6)	(27.4)
Increase in trade and other receivables		**(6.8)**	(50.8)	(35.5)
(Decrease)/increase in trade and other payables		**(2.7)**	32.1	41.2
Cash outflow in respect of adjusting items	3	**(15.0)**	(9.7)	(23.7)
Movement in provisions		**(1.1)**	(0.2)	1.0
Adjustment for pension contributions		**-**	0.4	0.2
Movement due to hyperinflation		**(0.7)**	(1.7)	(3.2)
Cash inflow from operating activities		**8.1**	16.6	76.5
Income tax paid		**(1.9)**	(6.3)	(12.5)
Net cash inflow from operating activities		**6.2**	10.3	64.0
Investing activities				
Interest received		**2.0**	0.4	2.3
Acquisition of property, plant and equipment		**(4.4)**	(22.6)	(39.7)
Proceeds from sale of property, plant and equipment		**-**	0.2	0.5
Payments for non-acquired intangible assets		**(0.4)**	(1.2)	(1.0)
Acquisition of businesses net of cash acquired		**-**	-	(27.9)
Proceeds from sale of businesses net of cash disposed		**-**	-	416.9
Cash outflow from costs on business disposals		**(11.6)**	(13.4)	(31.5)
Net cash (outflow)/inflow from investing activities		**(14.4)**	(36.6)	319.6
Financing activities				
Interest paid		**(5.8)**	(8.1)	(19.5)
Dividends paid to equity holders		**(92.8)**	(12.0)	(19.0)
Dividends paid to non-controlling interests		**-**	-	(1.9)
Repayments of long-term loans		**(204.7)**	-	(124.2)
Proceeds from long-term loans		**10.0**	65.0	65.0
Proceeds from early settlement of derivative contracts		-	-	6.5
Lease liability principal payments		**(2.8)**	(6.8)	(11.5)
Purchase of own shares		**(16.2)**	-	-
Net cash (outflow)/inflow from financing activities		**(312.3)**	38.1	(104.6)
Net (decrease)/increase in cash and cash equivalents		**(320.5)**	11.8	279.0
Net cash and cash equivalents at the beginning of the period		**421.4**	136.3	136.3
Net (decrease)/increase in cash and cash equivalents		**(320.5)**	11.8	279.0
Net effect of currency translation on cash and cash equivalents		**(4.6)**	5.5	6.1

Net cash and cash equivalents at the end of the period	10	**96.3**	153.6	421.4

Notes:

1 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022. The results of these operations have been re-presented as discontinued operations. See note 12 for details

1. Basis of preparation

The condensed consolidated interim financial statements of the Essentra plc Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

For the purpose of the condensed consolidated interim financial statements, 'Essentra' or 'the Group' means Essentra plc and its subsidiaries. References to the 'Company' mean Essentra plc.

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022 which comply with applicable law and UK-adopted international accounting standards and also in accordance with UK-adopted IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The financial statements have been reviewed, not audited.

The financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and UK-adopted international accounting standards.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2022, which has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, and any public announcements made by Essentra plc during the interim reporting period.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities as at 30 June 2023. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the condensed set of financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The comparative figures for the financial year ended 31 December 2022 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor 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.

Income tax expense is recognised based upon the best estimate of the weighted average income tax rate on profit before tax expected for the full financial year, taking into account the weighted average rate for each jurisdiction.

The Group's foreign operations in Turkey, whose functional currency is the Turkish Lira, were designated as hyperinflationary during the year ended 31 December 2022. Over the six months to 30 June 2023 the Turkish economy continued to be designated as hyperinflationary, and therefore the Group has continued to apply hyperinflationary accounting to its Turkish operations for the reporting period ended 30 June 2023. The price index used to apply IAS 29 is the Turkish Consumer Price Index. At 30 June 2023 the price index was 1,351.59 (31 December 2022: 1,128.45, 30 June 2022: 977.90, 31 December 2021: 686.95).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if relevant.

The accounting policies used in the presentation of the condensed consolidated interim financial statements are detailed below. These policies have been consistently applied to all periods presented.

As set out on page 143 of the Annual Report for the year ended 31 December 2022, on 1 October 2022, the Group completed its sale of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their respective subsidiary companies (together the 'Packaging business'). On 3 December 2022, the Group also completed the sale of Essentra Filter Holdings Limited and its respective subsidiary companies (the 'Filters business'). The results of the Packaging and Filters businesses have been classified as discontinued operations at 31 December 2022 and comparative information has been re-presented.

Following the disposal of its Packaging and Filters businesses in 2022, and the Group's transition to a pure-play Components business, based upon the most recent reliable information, the Group has updated the inputs into its inventory provisioning calculations in order to ensure that inventories continue to be measured at the lower of cost and net realisable value.

In preparing these condensed consolidated interim financial statements management have taken into account the potential effects of climate changes including medium to longer term transitional risks resulting from the relative uncertainty created by the global shift towards a more sustainable, net-zero economy, which include regulatory, geopolitical and social pressures that may impact the operations of the business in future. Management have considered the potential effects of climate related changes in its assessment of going concern, longer-term viability of the business, in preparing the Group's future cash flow forecasts underpinning impairment testing, and in its assessment of the residual values of property, plant and equipment and have determined that there is no material impact on these condensed consolidated interim financial statement items.

Pronouncements
The Group adopted the following new pronouncements during the period to 30 June 2023, which did not have a material impact on the Group's condensed consolidated interim financial statements:

- Amendments to IAS 12 - *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;*
- Amendments to IAS 1 - *Disclosure of Accounting Policies*; and
- Amendment to IAS 8 - *Definition of Accounting Estimates*.

Going concern

At 30 June 2023, the Group's financing arrangements amounted to £280.7m, comprising United States Private Placement (USPP) of US$102.5m (with a range of expiry dates from July 2028 to July 2033) and a multi-currency revolving credit facility (RCF) of £200.0m (expiring in November 2025).

At 30 June 2023, £190.0m of the RCF facility was undrawn. The facility is subject to two covenants, which are tested semi-annually: net debt to EBITDA (leverage) and EBITA to net finance charges (interest cover). The Directors believe that the Group is well placed to manage its business risks and, after making enquiries including a review of forecasts and predictions, taking account of reasonably possible changes in trading performance and considering the existing banking facilities, including the available liquidity, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 18 months following the date of approval of the financial statements, and no breaches of covenants are expected.

As part of the going concern assessment, the Board has considered a downside scenario that includes reasonably plausible changes in macro-economic conditions and is considered to represent a severe but plausible scenario. The results of this scenario show that there is sufficient liquidity in the business for a period of at least 18 months from the date of approval of these financial statements, and do not indicate any covenant breach during the test period. The downside scenario assumes a period of supressed revenue growth into the latter part of 2023 and subsequently limits growth in 2024. Further, the downside scenario assumes a high inflationary cost environment that is not fully offset by price increases. The financial impact of the downside scenario in 2023 and 2024 is to reduce adjusted operating profits by 35% and 9% respectively compared to the Group's strategic plan.

The overall level of liquidity (defined as available undrawn borrowing facility plus cash and cash equivalents) at 30 June 2023 was £286.3m, which is after the repayment of borrowings of $247m in January 2023, a special dividend of £89.8m, and share buybacks of £16.2m (of a total planned £60m under the buyback programme). Capital expenditure, sales and general overhead, and working capital will continue to be managed closely to ensure sufficient liquidity.

The scenarios do not indicate a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as a going concern. Based on these scenarios and taking into consideration the risks detailed in note 19 of the Annual Report for 2022, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly have adopted the going concern basis in preparing the condensed consolidated interim financial statements.

Further information on the Group's borrowing facilities, cash resources and other financial instruments can be found in notes 10 and 15 to the condensed consolidated interim financial statements.

Critical Accounting Judgements and Estimates

The preparation of the condensed consolidated interim financial statements requires the Directors and management to make judgements and estimates in respect of certain items where the choice of accounting policy and assumptions applied in determining the judgement or estimate could materially affect the Group's financial position, results, or cash flows at the reporting date.

Management regularly reviews the critical accounting judgements that significantly impact the amounts recognised in the condensed consolidated interim financial statements and the critical accounting estimates that due to their significant estimation uncertainty, may give rise to a material adjustment in the next financial reporting period.

Although the determination of accounting estimates is based on management's best estimate considering its knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future reporting periods.

The Group's critical accounting judgements and estimates are detailed below.

Accounting Judgements

Adjusting items

Adjusting items are separately presented from other items of financial performance as this enables management to reflect the underlying performance of the continuing operations of the Group. Judgement is required to determine whether such items of financial performance should be included within adjusting items by virtue of their nature, size or incidence. The Group's accounting policy concerning adjusting items is detailed under alternative performance measures.

Adjusting items of £7.0m (six months ended 30 June 2022: £9.1m) have been reported in continuing operations including £0.9m of costs incurred relating to acquisitions, disposals and restructuring of the continuing business following the sale of the Filters and Packaging businesses, and £4.9m has been incurred in relation to the customisation and configuration costs of significant "software as a service" ("SaaS") arrangements which, in management's judgement, constitute material one-off charges to upgrade the Group's technical capabilities and meets the Group's policy for being categorised as adjusting items.

A complete analysis of the amounts included in adjusting items is detailed in note 3.

"Software as a service" ("SaaS") arrangements

The recognition of customisation and configuration costs (which are included within adjusting items) relating to SaaS arrangements involves a number of key judgements:

- whether a software arrangement is a SaaS arrangement: management considers the fact pattern of the software arrangement carefully to identify SaaS arrangements, distinguishing from other arrangements such as "platform as a service" or "infrastructure as a service";
- whether any cost incurred in customisation and configuration results in additional code from which the Group has the power to obtain the future economic benefits and restricts other third parties' access to those benefits: management considered whether the code can be used in or transferred to another computing arrangement;
- whether the customisation and configuration service provided by the SaaS provider is distinct from the regular SaaS arrangement: management considers factors such as whether the Group can benefit from the service separately from the other elements of deliverables from the SaaS provider;
- whether a third-party providing customisation and configuration services is in effect a subcontractor of the SaaS provider: management considers factors such as the nature of the contractual and working relationship between the SaaS provider and the third party, the obligations of the third party who has the primary responsibility for the services that it provides.

Leases and lease right-of-use assets

A key judgement in determining the right-of-use asset and lease liability is establishing whether it is reasonably certain that an option to extend the lease will be exercised. Distinguishing whether a lease will be extended or otherwise could have a material impact on the value of the right-of-use assets and lease liabilities recognised on the balance sheet, but may not have a material impact on the income statement.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Accounting Estimates

Business disposals - completion accounts

At 30 June 2023 the Group has recognised £24.1m (31 December 2022: £18.0m) in other financial liabilities in relation to the completion accounts processes in respect of the Group's disposals of the Packaging and Filters businesses.

The amount recognised, based on the facts and circumstances that were present and known at the balance sheet date, represents management's best estimate of the expected settlement payable through the respective completion accounts processes and other mechanisms allowed by the share purchase agreements ("SPA"). Although the outcome of the completion accounts process for both the Packaging and Filters businesses remains inherently uncertain at the end of the reporting period, given that the SPA terms related to the completion accounts mechanisms are complex, and the completion accounts could be the subject of commercial negotiation and, in the absence of agreement, an expert determination process, it is therefore recognised that the final amount agreed could be materially different from the estimate.

The future range of possible outcomes associated with the various assumptions and judgements applied in the determination of the total value of the financial liability recognised at 30 June 2023 could therefore lead to a material increase or decrease in the value of the financial liability recognised in the next financial year, the extent of which is dependent upon the outcome and timing of many variables linked to the SPA mechanisms in place and the associated commercial negotiations that will ensue. The assessed range of possible future outcomes in the next financial year could potentially lead to a decrease in the liability of up to £9.1m or an increase of up to £12.9m.

Measurement of contingent consideration

The Group recognised a net loss of £16.6m on the disposal of the Filters business during the year ended 31 December 2022. The value of the loss is subject to finalisation of the deferred contingent consideration receivable which requires judgement. The maximum potential undiscounted deferred contingent consideration amount that the Group could receive is £20.0m. Deferred consideration is structured as an earn-out in two tranches of up to £10.0m with each tranche contingent upon the Filters business achieving certain contractual profit performance targets in its financial years ending 31 December 2023 and 31 December 2024 (the 'earn-out years'), respectively.

Management has, with the assistance of an external valuation specialist, determined the fair value of contingent consideration receivable using an option pricing model which applies prudent assumptions to risk-free cash flows in each of the earn-out years. For valuation purposes, as inputs into the model are intended to be risk-neutral, profit forecasts for the earn-out years are discounted to neutralise forecast risk by applying a risk-adjusted rate to expected cash flows based on an industry specific and geographically derived weighted average cost of capital. The resulting risk-adjusted profit for each earn-out year has been modelled against the respective contractually agreed profit performance target with the calculated earn-out achieved discounted to present value by applying a rate that reflects counterparty credit risk and the timing of future cash flows.

At 30 June 2023, deferred contingent consideration receivable with a fair value of £17.7m (31 December 2022: £10.6m) has been classified as a long-term receivable in the consolidated financial statements (refer to note 15). The actual earn-out receivable when the contingent consideration is finalised may differ materially from the fair value estimate at 30 June 2023 as a result of reasonable changes to assumptions applied.

Based on information available at the reporting date, the assessed range of possible future outcomes could potentially lead to a decrease of £17.7m were the conditions for the earn-out to fail in their entirety, representing the resolution of the uncertainty inherent in the cash flows. Any future movements in fair value of the deferred contingent consideration when remeasured at subsequent reporting period end dates will be taken through the consolidated income statement and recognised as part of the result from discontinued operations.

Taxation

Liabilities for tax contingencies require management judgements and estimates in respect of tax audit issues and exposures in each of the jurisdictions in which the Group operates. Management is also required to make an estimate of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. Where management concludes a tax position is uncertain, a current tax liability is held for anticipated taxes that are considered probable based on the information available.

Key judgement areas for the Group include the pricing of intercompany goods and services as well as the tax consequences arising from restructuring operations. Management may engage with professional advisors in making their assessment and, if appropriate, will liaise with the relevant taxation authorities to resolve the matter. The tax liability is reassessed in each period to reflect management's best estimate in light of information available. If the final outcome of these matters differs to the liability held in the financial statements, the difference may materially impact the income tax charge / (credit) in the period the matter is concluded.

At 30 June 2023, included in the tax payable is a liability of £3.8m (31 December 2022: £4.4m) for transfer pricing matters and £7.6m (31 December 2022: £11.7m) for other uncertain tax positions. The reduction in each provision is primarily due to the expiry of statute of limitations following the passage of time, favourable agreements reached with tax authorities on previous matters, and part of the liability transferring with disposed entities. Adjustments for current year transactions and foreign exchange movements complete the movement in the period. Of the £11.4m recognised at the end of the reporting period, a possible range of outcomes could potentially see between £2.1m and £6.0m resolved in the next financial year as a result of expiring statute of limitations and completion of tax audits.

In addition, the Group has recognised a net deferred tax asset of £5.4m (31 December 2022: £7.3m) in the UK. The assessed range of possible future outcomes in the next financial year could potentially lead to a decrease in the deferred tax asset of up to £0.7m or an increase of up to £2.6m, notwithstanding that the Group has unrecognised UK tax losses which could be utilised as information on the sustainable long term UK profitability position becomes available.

Retirement benefit obligations

At 30 June 2023, the net retirement benefit liability was £6.8m (31 December 2022: £10.6m liability) including a retirement benefit liability of £16.3m (31 December 2022: £18.5m). The measurement of defined benefit obligations requires the application of judgement in relation to the key assumptions used, particularly in determining the discount rate, inflation rate, and mortality rates.

In consultation with Essentra's actuaries, management determines the point within the range of possible outcomes for those assumptions applied at the balance sheet date that most appropriately reflects Essentra's circumstances. Small changes to these assumptions can have a material impact on the valuation and therefore reported amounts. Consequently, the Group performs a sensitivity analysis for the key assumptions applied in determining post-employment costs and liabilities, as detailed in note 18 of the Essentra Annual Report 2022.

Provision for contractual obligations

The provision for contractual obligations represents amounts that the Group may be liable to pay arising from the disposal of the Packaging and Filters businesses during the year.

At 30 June 2023 provisions for contractual obligations amounted to £4.3m (31 December 2022: £5.5m), representing the Group's estimate of ongoing obligations due to each of the buyers under the respective Share Purchase Agreements.

Based on management's assessment at the balance sheet date, the resolution to the uncertainty inherent in the assumptions applied in determining the Group's provisions for contractual obligations, could result in a material impact to the value and settlement of the liability in the next reporting period.

The assessed range of possible future outcomes in the next financial year could potentially lead to a decrease in the provision of up to £3.3m or an increase of up to £1.7m.

2. Segment analysis

The Group has determined its operating segments based upon the information reported to the Board of Directors ("Board"), which is the Group's Chief Operating Decision Maker. Segment information is reported on a geographical basis consistent with the basis upon which the Group manages its operations, allocates resources, and assesses performance. Central corporate costs include executive and non-executive management, investor relations, corporate development, corporate reward, governance, risk and assurance, group finance, tax, treasury and related information technology costs.

Following the disposal of the Packaging and Filters businesses during the year ended 31 December 2022, the Group has changed the way its information is reported to the Board. Previously performance was reported on a divisional basis. Performance is now managed on a geographical basis with Gross profit introduced as an additional segment profit measure. Central corporate costs (previously disclosed as Central Services) now exclude certain costs that are now regarded as attributable to the operating segments.

	Six months ended 30 June 2023						
	EMEA £m	Americas £m	Asia £m	Unallocated operating expenses[3] £m	Continuing operations £m	Discontinued operations £m	Total £m
External revenue	**89.8**	**56.6**	**19.9**	**-**	**166.3**	**-**	**166.3**
Gross profit	45.2	21.0	6.8	-	73.0	-	73.0
Adjusted operating profit/(loss) before corporate costs	27.6	9.8	1.6	(9.8)	29.2	(1.0)	28.2
Central corporate costs[2]					(6.2)	-	(6.2)
Adjusted operating profit / (loss)					**23.0**	**(1.0)**	**22.0**
Amortisation and impairment of acquired intangible assets					(5.7)	-	(5.7)
Adjusting items					(7.0)	-	(7.0)
Operating profit / (loss)					**10.3**	**(1.0)**	**9.3**

	Six months ended 30 June 2022						
	EMEA £m	Americas £m	Asia £m	Unallocated operating expenses[3] £m	Continuing operations £m	Discontinued operations £m	Total £m[1]
External revenue	**89.6**	**61.7**	**24.6**	**-**	**175.9**	**370.5**	**546.4**
Gross profit	46.0	23.2	8.4	-	77.6	58.3	135.9
Adjusted operating profit/(loss) before corporate costs	28.6	12.8	3.3	(9.6)	35.1	17.2	52.3
Central corporate costs[2]					(12.1)	-	(12.1)
Adjusted operating profit after allocation of operating expenses to discontinued operations					**23.0**	**17.2**	**40.2**
Operating expenses allocated to discontinued operations					(7.9)	7.9	-
Adjusted operating profit					**15.1**	**25.1**	**40.2**
Amortisation and impairment of acquired intangible assets					(5.0)	(189.3)	(194.3)
Adjusting items					(9.1)	-	(9.1)
Operating profit / (loss)[4]					**1.0**	**(164.2)**	**(163.2)**

Notes:

1 During the year ended 31 December 2022 the Group disposed of the Packaging and Filters businesses. For the six months ended 30 June 2022, the results of these operations have been re-presented above as discontinued operations. Refer to note 12 for further details

2 Central corporate costs (previously disclosed as Central Services) include executive and non-executive management, investor relations, corporate development, corporate reward, governance, risk and assurance, group finance, tax, treasury, and related information technology costs. The comparative numbers have been re-presented to exclude certain costs that, following the completion of the strategic review, are now regarded as attributable to the operating segments. For the six months ended 30 June 2022, the effect of this change is to reallocate £0.8m of costs previously included within Central Services, to unallocated operating expenses

3 Unallocated operating expenses include operating expenses relating to the regions that are managed at a total trading level rather than by individual segment

4 Operating loss from discontinued operations for the six months ended 30 June 2022 exclude costs relating to the disposal of discontinued operations amounting to £19.3m. Refer to note 12 for further details

3. Adjusting items from continuing operations

	Six months ended 30 Jun 2023 £m	Six months ended 30 Jun 2022 £m[1]	Year ended 31 Dec 2022 £m
Costs relating to restructuring following business disposals[2]	**0.9**	3.4	10.4
Transaction costs relating to acquisitions[3]	**0.4**	-	0.3
Acquisition integration and restructuring costs	**-**	-	0.2
Customisation and configuration costs of significant software as a service ("SaaS") arrangements[4]	**4.9**	6.2	12.4
Defined benefit pension scheme charges[5]	**0.8**	-	2.0
Other[6]	**-**	(0.5)	0.7
Adjusting items	**7.0**	9.1	26.0
Tax	**(1.5)**	(1.2)	2.8
Adjusting items after tax	**5.5**	7.9	28.8

Reconciliation of cash flows from adjusting items:

Adjusting items	**7.0**	9.1	26.0
Non-cash charge in adjusting items	**(0.8)**	(1.1)	(2.0)
Cash outflow on pension contributions	**2.5**	-	-
Utilisation of prior year and acquired accruals and provisions	**6.3**	1.7	(0.3)
Cash outflow from adjusting items	**15.0**	9.7	23.7

Adjusting items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding items which, in management's view, do not form part of the Group's underlying operating results, such as gains, losses or costs arising from business acquisition and disposal activities, significant restructuring and closure costs, and costs of major Software as a Service projects, items which are non-recurring or one-off in nature (such as the costs of fundamental strategic review and reorganisation) and (from 2022) charges relating to the Group's legacy defined benefit pension schemes, as adjusting items. Operating profit before adjusting items and acquired intangible amortisation is called adjusted operating profit, which forms the primary basis of management's review and assessment of operational performance of the Group's businesses.

Notes:

1 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022 and consequently, comparative information for the year ended 31 December 2022 has been re-presented. See note 12 for further details

2 Costs of £0.9m in relation to major restructuring activities to right-size the continuing operations of the business following the disposal of the Filters and Packaging businesses (six months ended 30 June 2022: £3.4m)

3 Comprises costs of £0.4m relating to the acquisition of Wixroyd Group, acquired in December 2022 (six months ended 30 June 2022: £nil)

4 Costs of significant SaaS arrangements, which in the view of management, represents investment in upgrading the Group's technological capability, were expensed as adjusting items in accordance with the Group's accounting policies. In the current period, costs of £4.9m (six months ended 30 June 2022: £6.2m) were attributable to major SaaS projects and relate primarily to the costs of implementing a new cloud-based enterprise resource planning ("ERP") system within the Group

5 Costs of £0.8m (six months ended 30 June 2022: £nil) were incurred in relation to defined benefit pension scheme charges which, following the outcome of the strategic review, no longer pertain to the continuing operations of the Group

6 Costs for the six months ended 30 June 2022 include £0.2m costs of restructuring activities within the continuing European and Americas businesses, offset by a £0.7m credit relating to adjustments to the carrying value of right-of-use assets

4. Taxation

The taxation charges for the continuing operations for the six months ended 30 June 2023 and 30 June 2022 are based on the expected effective tax rate for the full year, including the impact of prior period tax adjustments. The enacted tax rates and forecast profits of the jurisdictions the Group operate in determines this effective tax rate. The taxation charges for the discontinued operations are based on the results for the period applying the relevant tax rates by jurisdiction.

The effective tax rate on underlying profit before tax (before adjusting items and amortisation of acquired intangible assets) was 23.5% (six months ended 30 June 2022 re-presented: 21.5%). The underlying effective tax rate for H1 2023 is within the continuing operations 2023 forecast tax rate range of 23% to 25%.

5. Earnings per share

	Six months ended 30 Jun 2023 £m	Six months ended 30 Jun 2022 £m[1]	Year ended 31 Dec 2022 £m
Earnings from continuing operations			
Profit/(loss) attributable to equity holders of the Company	**7.7**	(9.0)	(31.1)
Adjustments:			
Amortisation of acquired intangible assets	**5.7**	5.0	10.4
Tax on amortisation of acquired intangible assets	**(1.3)**	(1.2)	(2.4)
Adjusting items	**7.0**	9.1	26.0
Tax relief on adjusting items	**(1.5)**	(1.2)	2.8
Adjusted earnings attributable to equity holders of the Company	**17.6**	2.7	5.7
Earnings from discontinued operations			
Earnings attributable to equity holders of Essentra plc	**(0.8)**	(179.6)	(156.9)
Weighted average number of shares			
Basic weighted average ordinary shares outstanding (million)	**298.5**	301.0	301.1
Dilutive effect of employee share option plans (million)	**1.9**	2.2	2.0
Diluted weighted average ordinary shares (million)	**300.4**	303.2	303.1
Earnings per share from continuing operations (pence)			
Basic earnings per share	**2.6p**	(3.0)p	(10.3)p
Adjustment	**3.3p**	3.9p	12.2p
Basic adjusted earnings per share from continuing operations	**5.9p**	0.9p	1.9p
Diluted earnings per share from continuing operations	**2.6p**	(3.0)p	(10.3)p
Adjustment	**3.3p**	3.9p	12.2p
Diluted adjusted earnings per share from continuing operations	**5.9p**	0.9p	1.9p
Earnings per share from discontinued operations (pence)			
Basic earnings per share	**(0.3)p**	(59.7)p	(52.1)p
Diluted earnings per share	**(0.3)p**	(59.7)p	(52.1)p
Total Earnings per share attributable to equity holders of the Company (pence)			
Basic earnings per share	**2.3p**	(62.7)p	(62.4)p
Diluted earnings per share	**2.3p**	(62.7)p	(62.4)p

Notes:

1 The Group disposed of the Packaging and Filters businesses during the year ended 31 December 2022, and consequently, comparative information for the six months ended 30 June 2022 has been re-presented. See note 12 for further details

2 Adjusted earnings per share from continuing operations is provided to reflect the underlying performance of the Group. The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by an employee benefit trust

6. Property, plant and equipment

During the period, the additions of land and buildings, plant and machinery and fixtures, fittings and equipment amounted to £4.3m (six months ended 30 June 2022: £22.1m; year ended 31 December 2022: £39.6m) and there was a decrease of £3.3m (six months ended 30 June 2022: increase of £16.3m; year ended 31 December 2022: increase of £19.7m) in net book value due to foreign exchange movements which includes the impact from the application of IAS 29.

Land and buildings, plant and machinery and fixtures, fittings and equipment with a net book value of £0.1m (six months ended 30 June 2022: £0.5m; year ended 31 December 2022: £0.7m) were disposed of for proceeds of £nil (six months ended 30 June 2022: £0.2m; year ended 31 December 2022: £0.5m).

As at 30 June 2022, property, plant and equipment with a net book value of £159.7m excluded £112.8m which was classified within assets held for sale. No amounts were held within assets held for sale at either 30 June 2023 or 31 December 2022 (see note 12).

Contractual commitments to purchase property, plant and equipment amounted to £nil at 30 June 2023 (31 December 2022: £0.3m).

7. Lease right-of-use assets

The Group's non-current assets include right-of-use assets from asset leasing arrangements. Depreciation is charged to the income statement to depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

During the period, additions to right-of-use assets amounted to £1.9m (six months ended 30 June 2022: £7.0m; year ended 31 December 2022: £10.3m) and the depreciation of right-of-use assets amounted to £2.7m (six months ended 30 June 2022: £6.1m; year ended 31 December 2022: £10.1m).

During the period the right-of-use assets net book value reduced by £1.2m (six months ended 30 June 2022: increase of £2.9m; year ended 31 December 2022: increase of £6.6m) due to foreign exchange movements.

At 30 June 2022 lease right-of-use assets with a net book value of £38.7m excluded £18.6m which was classified within assets held for sale. No amounts were held within assets held for sale at either 30 June 2023 or 31 December 2022 (see note 12).

At 30 June 2023 contractual commitments to lease property, plant and equipment, where leases have not yet commenced, amounted to £0.7m per year over a 20 year period (30 June 2022: £nil; 31 December 2022: £nil).

8. Intangible assets

During the period, the additions of intangible assets (not through acquisitions) amounted to £0.4m (six months ended 30 June 2022: £1.2m; year ended 31 December 2022: £1.0m) and there was an intangible net book value decrease of £12.4m (six months ended 30 June 2022: increase of £28.4m; year ended 31 December 2022: £45.6m) due to foreign exchange movements.

Included within intangibles were goodwill assets of £126.5m (six months ended 30 June 2022: £158.0m; year ended 31 December 2022: £135.6m) and there was a goodwill net book value decrease of £8.4m (six months ended 30 June 2022: increase of £16.7m; year ended 31 December 2022: increase of £26.8m) due to foreign exchange movements.

Included in the gross carrying amount of goodwill assets as at 1 January 2023 was £140.1m and the accumulated losses were £4.5m. As at 30 June 2023 the gross carrying amount was £130.7m and the accumulated losses were £4.2m.

As at 30 June 2022 intangible assets with a book value of £206.4m excluded £122.8m which was classified within assets held for sale (see note 12).

On 24 June 2022 the Group announced the sale of the Packaging business to Mayr-Melnhof for a consideration of £312m on a cash-free, debt-free basis. The sale completed on 1 October 2022 and in accordance with IFRS 5 the assets and liabilities of the discontinued business were presented as held for sale on the balance sheet as at 30 June 2022. Further in accordance with IFRS 5 an impairment expense is required if the net assets are higher than the fair value (being the proceeds less estimated cost to sell). As a consequence the Group recognised an expense of £181.6m within discontinued operations for the six months ended 30 June 2022.

The cash generating units are primarily the manufacturing and distribution sites, at which impairment of intangible assets (excluding goodwill) and property, plant and equipment would be performed. Prior to the disposal of the Packaging and Filters businesses goodwill was allocated to groups of cash generating units, being the previous operating segments: Components, Packaging and Filters. Following the disposal of the Packaging and Filters businesses, the goodwill associated with those operating segments was also disposed of.

Management have reviewed the cash-generating-units ('CGU') across the Group, and have concluded that the CGUs for the remaining Components business continue to be primarily the manufacturing and distribution sites. Goodwill previously allocated to the Components segment has now been reallocated to the newly created geographical segments: EMEA, Americas and Asia. These new operating segments, represented by groups of cash-generating-units (the manufacturing and distribution sites) are considered to represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The impairment tests for goodwill and intangible assets are based on the Board approved business plan (the "Plan"). Cash flow projections are over five years using the approved annual budget for the first year and subsequent years based on the Group Strategic Plan. The key assumptions in the cash flow projections for the Plan are set out below.

Operating segment	Average annual growth rate over five year Forecast period	Terminal growth rate from 2028 onwards	Improvement in average operating profit after allocation of corporate costs over five year forecast period	Pre-tax discount rate
EMEA	5.5%	2.3%	436 bps	16.3%
Americas	4.8%	2.7%	542 bps	13.6%
Asia	6.6%	2.0%	375 bps	15.1%

Operating margin is primarily based upon the historical levels achieved, adjusted by targets set for revenue expansion and cost control and reduction within the Plan period. The values assigned to these assumptions represent management's assessment of market condition and scope for cost and profitability improvement, taking into account realisable synergies resulting from integration activities. The estimated cash flows are discounted using a post-tax discount rate based upon Essentra's estimated post-tax weighted average cost of capital by operating segment.

For the Asia CGU the recoverable amount is sensitive to reasonably possible changes in the underlying cash flows and key assumptions. Management considered the following reasonably possible changes in the key assumptions, in the context of the macro-economic conditions in China, and the associated impact on the impairment assessment, in relation to the Asia CGU:

Change in key assumption	Impairment £m
50 bps increase in pre-tax discount rate	0.8
100 bps reduction in terminal growth rate	0.9
100 bps reduction in each year's growth rate	0.5
100 bps reduction in operating profit margin in the terminal year	1.7

9. Retirement benefit obligations

Movement in pension net (liabilities)/assets during the period

	Six months ended 30 Jun 2023 £m	Six months ended 30 Jun 2022 £m	Year ended 31 Dec 2022 £m
Movements			
Beginning of period	**(10.6)**	9.0	9.0
Current service cost and administrative expense	**(0.8)**	(1.1)	(2.4)
Employer contributions	**2.5**	0.7	0.9
Reduction on plan assets excluding amounts in net finance income	**(3.1)**	(73.8)	(108.5)
Actuarial gains arising from changes in financial assumptions	**5.8**	57.6	95.5
Actuarial gains/(losses) arising from change in demographic assumptions	**-**	4.8	(1.9)
Actuarial (losses)/gains arising from experience adjustment	**(1.2)**	5.4	(5.6)
Net finance cost	**(0.3)**	-	(0.1)
Currency translation	**0.9**	(2.4)	(2.3)
Business disposals	**-**	-	4.8
End of period	**(6.8)**	0.2	(10.6)

At 30 June 2022 the net retirement benefit asset of £0.2m included liabilities held for sale of £0.6m. No amounts were held for sale as at 30 June 2023 or 31 December 2022.

The assets and liabilities of the principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2023. The assets of the schemes have been updated to the balance sheet date to take account of the investment returns achieved by the schemes and the contributions made during the period. The liabilities of the schemes at the balance sheet date have been updated to reflect the latest discount rates and other assumptions as well as benefit payments. The principal assumptions used by the independent qualified actuaries were as follows:

Europe

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Rate of increase in pensions			
At RPI capped at 5%	**3.10%**	3.00%	3.00%
At CPI capped at 5%	**2.80%**	2.60%	2.70%
At CPI minimum 3%, capped at 5%	**3.30%**	3.20%	3.30%
At CPI capped at 2.5%	**2.20%**	2.10%	2.20%
Discount rate	**5.20%**	3.70%	4.80%
Inflation rate - RPI	**3.20%**	3.10%	3.10%
Inflation rate - CPI	**2.80%**	2.60%	2.70%

US

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Discount rate	**4.96%**	4.59%	5.00%

Included within the six months ended 30 June 2022 reduction on plan assets was an actuarial loss of £7.1m relating to an investment decision to purchase a bulk purchase annuity ('buy-in') contract. In that period, a premium of £38.2m was paid to purchase buy-in to insure against liabilities within the UK defined benefits scheme. The actuarial loss represented the difference between the premium paid and the estimated present value of the obligations and was included within other comprehensive income.

10. Analysis of net (debt)/funding surplus

	30 Jun 2023	31 Dec 2022
	£m	£m
Cash at bank and in hand	**96.3**	421.4
Cash and cash equivalents in the statement of cash flows	**96.3**	421.4
Derivative financial instruments hedging private placement loans	**6.9**	8.3
Debt due within one year	**-**	(208.0)
Debt due after one year	**(90.3)**	(85.0)
Lease liabilities due within one year	**(4.5)**	(4.9)
Lease liabilities due after one year	**(16.7)**	(18.0)
Debt from net financing activities	**(104.6)**	(307.6)
Net (debt)/funding surplus	**(8.3)**	113.8

Lease liabilities are measured at the present value of future lease payments, including variable lease payments and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable, or alternatively the lessee's incremental borrowing rate.

At 30 June 2023, the Group's committed facilities primarily comprised a series of US Private Placement Loan Notes from various financial institutions totalling US$102.5m and a syndicated multi-currency revolving credit facilities of £200.0m from its banks. At 30 June 2023, the available bank facilities totalled £200.0m (31 December 2022: £200.0m) of which £10.0m (31 December 2022: £nil) was drawn down and £190.0m (31 December 2022: £200.0m) was undrawn.

As a consequence of the business disposals, in January 2023, the Group was required to repay $247m of its US Private Placement Loan Notes.

11. Acquisitions

Acquisition of Wixroyd Group

On 1 December 2022, Essentra acquired 100% of the equity interests of Wixroyd Holdings Limited (the "Wixroyd Group"), a leading UK supplier of industrial parts for the engineering sector for an initial consideration of £31.4m. The consideration payable for the Wixroyd Group comprises an initial cash consideration of £31.4m and up to £7.0m deferred earn-out consideration. The deferred earn-out consideration is conditional upon achieving certain performance criteria for the 12-month period commencing 1 January 2023.

During 2023 Essentra reassessed the fair value adjustments and made changes to inventories. The impact of this on goodwill is an increase of £0.6m. The process of allocating the purchase price, including the split between goodwill and intangible assets and fair value adjustments, will be concluded by 31 December 2023. Accordingly the purchase price allocation presented in these interim financial statements remains provisional.

Acquisition of Hengzhu

On 2 August 2021, Essentra acquired the trade and assets of Jiangxi Hengzhu Electrical Cabinet Lock Co., Ltd ("Hengzhu"), an access hardware manufacturer and distributor in China via an newly incorporated entity, Essentra Hengzhu Precision Components Co Ltd, which acquired 100% of the business for ¥103m (approximately £11.8m). Essentra had subscribed and paid up 73% of the issued share capital of Essentra Hengzhu Precision Components Co Ltd with the remaining 27% stake subject to put and call options exercisable 6 months after issuance of the subsidiary's audit report for 2022. The remaining 27% stake does not confer any shareholder right (including, entitlement to dividends and right to transfer to other parties) to the vendor shareholder. Therefore it is concluded that the amount payable under the put option of £4.2m (31 December 2022: £4.7m) in substance represents deferred consideration and is accounted for as a financial liability. No non-controlling interest is recognised in respect of this acquisition.

Acquisition of Micro Plastics

On 12 December 2017, Essentra acquired 100% of the share capital of Micro Plastics, Inc. The transaction was settled with cash consideration of £19.7m and deferred consideration of £3.7m, of which £1.4m (31 December 2022: £1.3m) remains payable to the vendor.

12. Discontinued operations

Disposal of Packaging and Filters businesses

On 1 October 2022, the Group completed its sale of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their respective subsidiary companies (together the 'Packaging business'). On 3 December 2022, the Group also completed the sale of Essentra Filter Holdings Limited and its respective subsidiary companies (the 'Filters business'). The results of the Packaging business and the Filters business have been classified as discontinued operations at 31 December 2022 and comparative information has been re-presented. Financial information relating to these discontinued operations for the period up to their respective dates of disposal, is included below and in note 15. On 28 September 2022 the Group also completed the sale of its Packaging business in India for cash consideration of £1.1m.

Income statement analysis of discontinued operations:

Total discontinued operations	**Six months ended 30 Jun 2023 £m**	Six months ended 30 Jun 2022 £m	Year ended 31 Dec 2022 £m
Revenue	**-**	370.5	653.9
Gross profit	**-**	58.3	116.8
Operating loss[1]	**(1.0)**	(164.2)	(137.1)
Finance income	**-**	0.8	1.5
Finance expense	**-**	(1.3)	(2.1)
Loss before tax	**(1.0)**	(164.7)	(137.7)
Income tax credit	**0.2**	5.6	4.0
Loss for the period after tax	**(0.8)**	(159.1)	(133.7)
Loss on disposal of discontinued operations before tax[2]	**-**	(19.3)	(19.0)
Total loss for the period from discontinued operations	**(0.8)**	(178.4)	(152.7)

Notes:

1 For the six months ended 30 June 2023 the operating loss from discontinued operations includes gross income of £4.0m and costs of £5.0m

2 For the six months ended 30 June 2022 the loss on disposal of discontinued operations before tax includes costs of disposal of £19.3m. For the year ended 31 December 2022 refer to page 181 of the 2022 Essentra plc Annual Report for the calculation of the loss on disposal of discontinued operations of £19.0m

The results from discontinued operations are attributable entirely to the equity holders of Essentra plc. The results for the six months ended 30 June 2022 included results attributable to non-controlling interests of £1.2m (year ended 31 December 2022: £4.2m). The earnings per share of discontinued operations are disclosed in note 5.

Cash flows of discontinued operations are as follows:

Total discontinued operations	**Six months ended 30 Jun 2023 £m**	Six months ended 30 Jun 2022 £m	Year ended 31 Dec 2022 £m
Net cash (outflow)/inflow from operating activities	**(2.7)**	16.7	59.7
Net cash (outflow)/inflow from investing activities	**(11.6)**	(30.3)	358.8
Net cash outflow from financing activities	**-**	(4.8)	(10.3)
(Decrease)/increase in cash and cash equivalents	**(14.3)**	(18.4)	408.2

12. Discontinued operations (continued)

At 30 June 2022, the assets and liabilities of the Packaging business which were presented as assets and liabilities in the disposal group held for sale, and the assets and liabilities of the rest of the Group were as follows:

As at 30 June 2022	**Rest of Group £m**	**Held for Sale £m**	**Total Group £m**
Property, plant and equipment	159.7	112.8	272.5

Lease right-of-use asset	38.7	18.6	57.3
Intangible assets	206.4	122.8	329.2
Long-term receivables	2.8	1.7	4.5
Derivative assets	10.8	-	10.8
Income tax receivable	1.2	0.5	1.7
Deferred tax asset	8.8	5.2	14.0
Inventories	117.5	42.0	159.5
Trade and other receivables	143.4	95.1	238.5
Retirement benefit assets	22.9	-	22.9
Cash and cash equivalents	143.3	10.3	153.6
Total assets	**855.5**	**409.0**	**1,264.5**
Trade and other payables	151.5	74.8	226.3
Interest bearing loans and borrowings due less than one year	270.5	-	270.5
Interest bearing loans and borrowings due greater than one year	142.7	-	142.7
Lease liabilities due less than one year	6.9	4.7	11.6
Lease liabilities due greater than one year	33.8	15.6	49.4
Retirement benefit obligations	22.1	0.6	22.7
Other financial liabilities	5.9	-	5.9
Provisions	1.1	2.0	3.1
Deferred tax liabilities	17.5	24.6	42.1
Derivative liabilities	0.4	-	0.4
Income tax payable	19.7	1.2	20.9
Total liabilities	**672.1**	**123.5**	**795.6**

For the six months ended to 30 June 2022, the cumulative income or expenses included in other comprehensive income relating to the Packaging business included forex gains on subsidiaries denominated in non-sterling currencies. On completion of the disposal, these gains were recycled to loss on business disposals.

13. Dividends

	Per share			Total		
	Six months ended 30 Jun 2023	Six months ended 30 Jun 2022	Year ended 31 Dec 2022	**Six months ended 30 Jun 2023**	Six months ended 30 Jun 2022	Year ended 31 Dec 2022
	p	p	p	**£m**	£m	£m
2022 interim:						
paid 28 October 2022		2.3	2.3		6.9	6.9
2022 final:						
paid 30 June 2023			1.0			3.0
2022 special dividend:						
paid 27 April 2023[1]			29.8			89.8
2023 interim:						
payable 27 October 2023	1.2			3.5		

Notes:

1 The special dividend paid on 27 April 2023 amounted to £89.8m and therefore this figure has been re-presented

In the table above, each dividend is shown in the period that it is attributable to. The interim dividend for 2023 of 1.2p per 25p ordinary share will be paid on 27 October 2023 to equity holders on the register at the record date, being 22 September 2023. The estimated amount to be paid of £3.5m has not been included as a liability in these accounts.

14. Issued Share Capital

During the period 8,371,017 (six months ended 30 June 2022: nil) 25p Ordinary Shares ("shares") were purchased by the Company for total cash consideration of £16.2m (six months ended 30 June 2022: £nil) at a weighted average price of 193.7 pence per share, of which 4,229,696 shares with an aggregate nominal value of £1.0m were cancelled, and £1.0m transferred from issued share capital to the capital redemption reserve.

As at 30 June 2023 the number of shares in issue was 298,361,012 (31 December 2022: 302,590,708) of which 5,039,265 (31 December 2022: 897,944) were held in treasury.

15. Financial instruments

Essentra held the following financial instruments at fair value at 30 June 2023. There have been no transfers between levels of the fair value hierarchy and there are no non-recurring fair value measurements.

	30 June 2023	31 Dec 2022
	£m	£m
Level 2 of fair value hierarchy		
Derivative assets[1]	**7.5**	8.5
Derivative liabilities[1]	**(0.5)**	(1.3)
Level 3 of fair value hierarchy		
Other financial assets[2]	**18.2**	11.6
Other non-current financial liabilities[3]	**-**	(2.4)
Other current financial liabilities[4]	**(32.1)**	(24.1)
Total	**(6.9)**	(7.7)

Notes:

1 Fair values of forward foreign exchange contracts, including options, and cross currency interest rate swaps have been calculated at period-end forward exchange rates compared to contracted rates using observable market data from third party financial institutions.

2 Includes deferred contingent consideration receivable amounting to £17.7m (31 December 2022: £10.6m) following the disposal of the Filters business. The consideration, which is structured as an earn-out, has been classified as a long-term receivable. The fair value has been determined at the balance sheet date based upon management's best estimate of the Filters business achieving future performance targets to which the earn-out is linked with forecast earnings being a critical unobservable input into the fair value measurement. The increase of £7.1m in the valuation since 31 December 2022 is due to the higher forecast earnings of the Filters business.

3 As at 31 December 2022, included within other non-current financial liabilities was an amount of £2.4m representing deferred consideration payable in respect of the acquisition of Wixroyd Group. As at 30 June 2023 the equivalent balance of £2.4m is now part of other current financial liabilities.

4 Other current financial liabilities include £24.1m (31 December 2022: £18.0m) which represents management's best estimate of the combined expected settlement payable by the Group through the respective completion accounts mechanisms linked to both the Filters business and Packaging business disposals. The amount recognised is based on the facts and circumstances that were present and known at the balance sheet date. Other current financial liabilities also include £8.0m (31 December 2022: £6.1m) in respect of acquisitions.

5 During the six months ended 30 June 2023, a fair value credit of £7.1m (six months ended 30 June 2022: £nil) was recognised in respect of financial instruments at level 3 fair value hierarchy, and £nil (six months ended 30 June 2022: £nil) was settled in cash. No other fair value gains or losses were recorded in profit or loss and other comprehensive income.

Essentra had US dollar denominated borrowings which it designated as hedges of its net investments in subsidiary undertakings, upon which exchange gains of £1.0m (six months ended 30 June 2022: £17.6m losses) were recognised in other comprehensive income.

At 30 June 2023, the carrying amount of the US Private Placement Loan Notes was £80.3m with a fair value of £66.9m.
At 30 June 2022, the carrying amount of the US Private Placement Loan Notes was £289.3m with a fair value of £254.4m. For all other financial instruments the fair value approximates to the carrying amount.

16. Related parties

During the period, the Company paid £27,899 to the wife of Scott Fawcett, CEO of Essentra plc, in respect of her employment by the Group.

Scott's wife was employed by the Group prior to his appointment as a director of Essentra plc on 1 January 2023.

There have been no changes in the related party transactions described in the 2022 Annual Report that have had a material effect on the financial position or performance in the six months ended 30 June 2023.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting';

- the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority:

  a) 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

  b) 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scott Fawcett	**Jack Clarke**
Chief Executive	Chief Financial Officer

15 August 2023

Independent review report to Essentra plc

Report on the Condensed consolidated interim financial statements

Our conclusion

We have reviewed Essentra plc's condensed consolidated interim financial statements (the "interim financial statements") in the Results for the Half Year Ended 30 June 2023 of Essentra plc for the 6 month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements, comprise:

- the Condensed consolidated balance sheet as at 30 June 2023;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Results for the Half Year Ended 30 June 2023 of Essentra plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). 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.

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.

We have read the other information contained in the Results for the Half Year Ended 30 June 2023 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Results for the Half Year Ended 30 June 2023, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Results for the Half Year Ended 30 June 2023 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Results for the Half Year Ended 30 June 2023, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Results for the Half Year Ended 30 June 2023 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants
Watford
15 August 2023