25 November 2020

DeLaRue

DE LA RUE

2020/21 HALF YEAR RESULTS

Turnaround Plan on track

De La Rue plc (LSE: DLAR) ("De La Rue", the "Group" or the "Company") announces its half year results for the six months ended 26 September 2020 (the "period", "H1" or "half year"). The comparative period was the six months ended 28 September 2019.

H1 2020/21 highlights:

- **Adjusted operating profit significantly improved at £15.3m (H1 2019/20: £2.2m)**
- **Positive operating cash flow**
- **Cost reduction programme on track to contribute £23m of savings in FY 2020/21**
- **Authentication orders secured with total lifetime contract value exceeding £120m**
- **Currency 100% full for banknote printing in H2 2020/21**
- **£100m equity capital raise completed July 2020**
- **Exclusive Bank of England banknote printing contract extended to 2028**
- **Net debt reduced to £21.6m (H1 2020/21: £170.7m; FY2019/20: £102.8m)**

Financial Summary	H1 2020/21 £m	H1 2019/20 £m	Change %
Adjusted Revenue[(1)(5)]	**174.7**	**205.9**	**-15.1%**
Currency	126.0	128.7	-2.1%
Authentication	31.7	34.9	-9.2%
Identity Solutions	17.0	42.3	-59.8%
IFRS Revenue	**179.7**	**232.3**	**-22.6%**
Gross Profit	**49.4**	**51.3**	**-3.7%**
Adjusted operating profit[(2)(5)]	**15.3**	**2.2**	**595.5%**
IFRS operating profit/(loss)	**4.6**	**(9.2)**	**n/a**
Net debt[(5)]	**21.6**	**170.7**	**n/a**
Adjusted EPS basic (p)[(3)(5)]	**6.5p**	**(1.4)p[(4)]**	**n/a**
IFRS EPS basic (p)	**1.0p**	**(9.8)p[(4)]**	**n/a**

H1 2020/21 financial performance

- IFRS revenue (including "pass-through" revenue on paper contracts) of £179.7m (H1 2019/20: £232.3m) and adjusted revenue of £174.7m (H1 2019/20: £205.9m) reduced mainly due to the decline in Identity Solutions revenue as a result of the sale of the International Identity Solutions business in October 2019 and the run-off of the UK Passport contract. Authentication revenue was lower mainly due to £1.6m of contracts reported in the prior year related to the International Identity Solutions business sold in H2 2019/20 (see page 11 for further details), and COVID-19 related impact on two contracts.
- Gross profit of £49.4m (H1 2019/20: £51.3m) reflecting lower Identity Solutions gross profit following the UK Passport contract cessation and the sale of the International Identity Solution business, together with increased efficiencies in Currency and lower Authentication gross profit on reduced volumes. Total gross profit for our two ongoing divisions, Authentication and Currency, grew to £38.1m (H1 2019/20: £34.1m).
- Adjusted operating profit of £15.3m (H1 2019/20: £2.2m), represents significant improvement resulting from the ongoing implementation of the Turnaround Plan, including benefits from the reorganisation and cost reduction programmes.
- IFRS operating profit of £4.6m (H1 2019/20: loss £9.2m) is stated after net exceptional items charges of £10.2m.

- Net debt of £21.6m (H1 2019/20 £170.7m, FY 2019/20: £102.8m), reduction principally due to equity capital raise (see note 9 to the financial statements for details of net debt calculation), offset in part by cash spend on the Turnaround Plan.

Business update

- Authentication awarded contracts of total multi-year lifetime value exceeding £120m in year to date, with new contracts delivering revenue in H2 2020/21. Authentication re-iterates guidance for £100m in revenue in FY 2021/22.
- Currency expects to utilise 100% of its available polymer and banknote printing capacity for FY 2020/21 with expected improved higher revenue and margin mix in second half.
- Actions taken to deliver cost savings of approximately £23m during FY 2020/21 and approximately £36m of annualised total savings.
- Completed the £100m equity capital raise on 7 July 2020, strengthening the Group's balance sheet.
- Debt facilities were extended to December 2023, and the Company renegotiated Pension scheme deficit contributions.
- Company continues to manage business effectively during the COVID-19 pandemic.

Clive Vacher, Chief Executive Officer of De La Rue, said:

"Our first half results have shown a substantial improvement in the Group's performance, with very strong growth in adjusted operating profit as we increase efficiencies, resulting in positive cash generation from operating activities. I am satisfied with the progress of the Turnaround Plan so far, which is yielding positive improvements across the company.

"Our two ongoing divisions, Authentication and Currency, are performing well. We are building strong order books and have secured a number of important strategic wins in the first half of the year.

"I am impressed by the dedication and resilience of De La Rue's employees, particularly in their execution of the transformation during the COVID-19 pandemic.

"Trading for the financial year 2020/21 has been positive, with the outlook for revenue, adjusted operating profit and net debt for the full year in line with the Board's expectations."

1. This is a non-IFRS measure. Adjusted revenue excludes "pass-through" revenue relating to non-novated paper and International IDS business contracts where the Group earns nil margin. Presentation of adjusted revenue more meaningful understanding of the underlying performance of the business. See note 17 for further explanations and reconciliation to the comparable IFRS measures.
2. Excludes exceptional items net charges of £10.2m (H1 2019/20: net charges of £11.0m) and amortisation of acquired intangible assets of £0.5m (H1 2019/20: £0.4m).
3. Excludes exceptional item net charges net of tax of £7.8m (H1 2019/20: net charges of £9.2m) and amortisation of acquired intangible assets net of tax of £0.4m (H1 2019/20: £0.3m).
4. Restatement of earnings per share reflects adjustments associated with the Rights Issue with regards to weighted average number of shares.
5. This is a non-IFRS measure. Amortisation of acquired intangible assets is a non-cash item, while exceptional items are considered to be items of income and expenditure which are both material by size/or by nature and not representative of normal business activities. Adjusted revenue excludes "pass-through" revenue relating to non-novated paper business contracts where the Group earns nil margin. By excluding these items from the adjusted operating profit and EPS metrics, the Directors are of the opinion that these measures give a more meaningful understanding of the underlying performance of the business. See note 17 for further explanations and reconciliation to the comparable IFRS measures. See note 9 to the financial statements for details of the net debt calculation).

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A conference call will take place at 9:00 am on 25 November 2020, which is accessible via webcast on www.delarue.com.

For the live webcast, please register at https://www.delarue.com/investors/results-and-reports where a replay will also be available subsequently.

De La Rue plc's LEI code is 213800DH741LZWIJXP78.

BUSINESS UPDATE

Group reorganisation

In these results, we report on the financial performance of the Currency, Authentication and Identity Solutions divisions, reflecting the sale of International Identity Solutions in October 2019 and our operating structure after our realignment of the Group in November 2019. To provide increased insight into the underlying performance of our business, we have reported revenue, gross margin and operating profit on an IFRS and adjusted basis for the Group, as well as gross profit, and adjusted operating profit for all divisions, together with adjusted controllable operating profit (before enabling function cost allocation) for the current period (see note 17 for definition of controllable operating profit and reconciliation to equivalent IFRS measure).

We have worked with Her Majesty's Passport Office (HMPO) on the completion of the transition of the UK Passport contract during H1 2020/21. As a result, we expect substantially lower revenue from H2 2020/21 onwards and minimal revenue for Identity Solutions during FY 2021/22 compared to the prior year, with an expected cash outflow as we make rebate payments related to this contract. These rebate payments have been accrued to the income statement over the life of the contract.

We note that the UK Passport contract provided a significant proportion of the adjusted operating profit for Identity Solutions and the Group in H1 2020/21 and will contribute substantially lower profits from H2 2020/21 onwards.

On 25 February 2020, we announced details of the Turnaround Plan (the "Turnaround Plan") for the Company and progress to date on the elements of the Turnaround Plan is set out immediately below:

Cost reduction: The Group has taken actions that will contribute targeted savings on an annualised basis from H2 2020/21 of approximately £36m. Actions taken in FY 2020/21 are expected to contribute £23m of annualised savings during FY 2020/21, with a further £7m been identified. Actions taken in FY 2019/2020 contributed £6m of savings. The restructuring cash costs for the cost reduction actions within the Turnaround Plan will be approximately £16m in FY 2020/21.

In FY 2019/20, enabling function costs represented approximately 8% of Group revenue (these costs being allocated to divisional adjusted operating profit by revenue in FY2019/20). With significantly reduced revenues, this will remain at 8% this year before reducing to approximately 6% of Group revenue in FY 2022/23.

Authentication; Authentication is focused on providing physical and digital solutions to authenticate products through the supply chain and to provide tracking of excisable goods to support compliance with government regulations. Working across the commercial and government sectors, we address consumer and brand owner demand for protection against counterfeit goods. De La Rue is targeting Authentication division revenues of £100m by FY 2021/22, with strong operating margins and strong year-on-year growth in this division during the three-year period of the Turnaround Plan, as more countries adopt tobacco tax stamp schemes to comply with the World Health Organisation (WHO) Framework Convention on Tobacco Control (FCTC).

The traditional tax stamp market covering tobacco and alcohol has evolved to include digital solutions and tobacco track-and-trace. The combined physical and digital solutions provided by the Group support governments to protect tax revenue and to comply with intergovernmental policies and international treaties such as the EU Tobacco Products Directive and the World Health Organisation FCTC.

In the first half we have signed multi-year contracts with lifetime values of more than £120m. Our brand protection business performed in line with expectations in H1 2020/21, despite two contracts having been impacted with reduced volumes as a result of the pandemic. These are expected to recover with the remainder of the Group's contracts delivering volumes in line with, or higher than, expectations.

We expect year-on-year revenue growth for Authentication during H2 2020/21, as we begin production of tax stamps for our new contract in Ghana and complete the software implementation for the HMRC ID Issuer contract.

We are in discussions with several governments regarding the roll-out of tobacco and drinks tax stamp schemes and in early discussion regarding COVID-19 immunity certification schemes. We continue to invest in software capabilities, service provision and R&D focused on IP generation and are exploring blockchain technologies

Currency: The Currency division is focused on: improving profitability of banknote production, protecting and growing the Group's paper security feature position, converting the world to polymer and being the market leader, and investing in R&D in polymer security features.

De La Rue has established a leading position in polymer, with the number of circulating polymer banknotes more than tripling since the first banknote was introduced on SAFEGUARD® in 2013. Around 85% of new polymer banknote denominations issued in 2020 have also been on SAFEGUARD® and more than half of these have contained a De La Rue hologram in the window of the polymer banknote. De La Rue is also responsible for the design and manufacture of the Bank of England's new £50 banknote due for release in 2021.

At the end of H1 2020/21, approximately 3% of the world's banknotes by volume and 12% by denomination had moved to polymer, up from 11% at the start of the financial year. A cornerstone of the Company's strategy is investing in, and supporting customers with, the significant trend of transition from paper to polymer notes. The Turnaround Plan targets a mid-teens adjusted controllable operating profit margin for the Currency division from FY 2020/2021, (before allocation of enabling function overhead – see note 17 for definition of adjusted controllable operating profit and reconciliation to comparable IFRS measure).

H1 2020/21 profitability in banknotes has improved through the delivery of cost reductions and manufacturing efficiencies.

The Currency division continues to see strong ongoing global demand for cash as central banks seek to increase stock levels during the pandemic. We expect to utilise 100% of our remaining available polymer and banknote printing capacity for FY 2020/21 with the mix in banknotes delivering higher revenue and margin during H2 2020/21.

In paper security features, thread sales continue to grow and new banknotes containing KINETIC STARCHROME®, PUREIMAGE™, IGNITE® and NEXUS™ are expected to be issued into circulation over the next 12 months.

On 30 October 2020, we announced that the Bank of England ("the Bank") has confirmed it will exercise its option to extend its existing banknote print contract by three years, maintaining De La Rue's exclusivity in printing Bank of England banknotes and operating the Bank's facility in Debden, Essex, until 2028.

Gateshead restructuring

On 17 June 2020, we announced our decision to cease banknote printing at our Gateshead site, while retaining some core services and roles at the site. The banknote printing operations will cease at Gateshead in December 2020. UK Passport operations, also in Gateshead, ceased operations during H1 2020/21,

These actions will not lead to a reduction of the Company's worldwide printing capacity. Following a period of transition and the relocation of equipment from Gateshead to other sites, we will retain the same capacity while operating with four currency print factories, down from five.

OUTLOOK

The Directors believe that the equity capital raising provides the Company and its management with operational and financial flexibility to implement the Turnaround Plan.

We have a target of returning the Company to a strong, financial position and an operating platform which will deliver sustainable growth at high operating margins and strong cash generation in the medium term. Following an initial period of cash outflow to fund the Turnaround Plan, by the end of the Turnaround Plan in FY 2022/23, we aim for the Group to be generating positive free cash flow and capable of supporting sustainable cash dividends to shareholders.

Trading for the financial year 2020/21 to date has been positive, with the outlook for revenue, adjusted operating profit and net debt for the full year in line with the Board's expectations.

EQUITY CAPITAL RAISING, DEBT REFINANCING AND PENSION RECOVERY PLAN

De La Rue completed a £100m gross (pre-costs) and £92.9m (post-costs) equity capital raising on 7 July 2020, strengthening the Group's balance sheet and enabling the Company to deliver the Turnaround Plan.

Effective 7 July 2020, the Group amended the terms of its Bank facilities of £275m. This extended the maturity date of the Revolving Cash Facility ("RCF") to December 2023 and included an RCF cash drawdown component of up to £175m and bond and guarantee facilities of a minimum of £100m.

The Company agreed the terms for a schedule of contributions and a recovery plan, setting out a programme for clearing the UK Pension Scheme deficit (the "Recovery Plan"). As a result of the Recovery Plan pension contributions for H2 2020/21 were £7.7m (H1 2019/20: £10.7m).

EQUITY CAPITAL RAISE AND DEBT REFINANCING COSTS

Total costs relating to the equity capital raising and bank refinancing were £15.1m, broken down as follows:

- Costs related to the equity capital raise of £7.1m have been presented as a reduction to equity within the Balance Sheet;
- Transaction costs related to the debt refinancing of the Group's amended Revolving Credit Facility of £4.8m have been capitalised on the balance sheet and will be amortised over the periods until 1 December 2023 (and which are excluded from Interest for covenant purposes), and:
- Further costs totalling £3.2m have been recorded in exceptional items within the income statement, which includes £0.7m relating to the write-off of the unamortised balance of the prepaid loan arranging fees relating to the original RCF prior to amendment of terms.

COVID-19

In 2018, as part of the ongoing business continuity and risk planning activities of De La Rue, the company drew up a pandemic Business Continuity Plan, which has proved effective in the response to COVID-19.

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation.

Within the UK and across many of the other countries in which the Group operates, many of the Group's products and services are considered by customers, governments and other relevant stakeholders to be essential to the underpinning of trade integrity, personal identity and/or the movement of goods.

The Group has implemented actions to mitigate the impact of COVID-19, including steps to protect its employees in line with guidance from governments, and whilst there remains considerable uncertainty in relation to the COVID-19 pandemic (including in relation to its duration, extent and ultimate impact), the Board believes that the Group's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic.

During H1 2020/21, all four of our UK sites, and our Malta and Kenya sites have continued to operate with minimal disruption and remained fully operational. Operations at our site in Sri Lanka were suspended for eight weeks between March and May 2020 due to island-wide governmental restrictions.

Our supply chain across both our Currency and Authentication divisions has remained materially unaffected since the outbreak of the COVID-19 pandemic, due to robust and Group led incident management framework.

The Group has received furlough grants of £0.4m from the UK Government during the period for employees who were unable to operate in their roles fully due to the impact of COVID-19. The group has recorded the furlough grants as a credit to adjusted operating expenses, however, notwithstanding the limited impact of COVID-19 on the Group, the losses incurred by the Group due to Covid-19 are in excess of the amount of furlough grant received.

BREXIT

We have been undertaking preparations for Brexit since 2018 and have held frequent risk reviews and updates, and enact contingency measures to ensure preparedness and business continuity.

We have engaged with key suppliers relating to their Brexit contingency planning, conducted regular contractual reviews and analysed known tariff and free trade access changes. We continue to actively review the latest positions on trade negotiations and assess the impact this may have on the Group. We are analysing HMRC and other European country published technical notices and their positions on customs, excise and VAT as applicable and aim to adapt processes and systems as part of measures to mitigate the impact of a No-Deal scenario. We have reviewed and aligned contingency stocks and adapted logistics and delivery timescales to avoid the potential risks of congestion and other related supply chain risks.

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FINANCIAL RESULTS OVERVIEW

We have seen a stabilisation in the market during H1 2020/21 for Currency, with less pricing pressure compared to the previous year combined with a weaker product mix, offset by increased volumes, resulting in adjusted revenue broadly unchanged at £126.0m (HY 2019/20: £128.7m). Authentication revenue saw a decline in revenue at £31.7m (H1 2019/20: £34.9m, the most significant factor being £1.6m of contracts reported in the prior year related to the Identity Solutions business sold in H2 2019/20 and weakness in two contracts due to the pandemic which are expected to recover offsetting growth elsewhere. As expected, we also saw a decline in adjusted revenue for Identity Solutions in H1 2020/21, due to the impact of the sale of International Identity Solutions in October 2019 and the completion of the UK Passport production contract during the period. Identity Solutions IFRS revenue declined by 60.7% and included £0.4m of "pass through" revenue on non-novated contracts post sale.

Group IFRS revenue declined by 22.6% to £179.7m (H1 2020/21: £232.3m), showing a higher rate of decline than in adjusted revenue, due to substantially lower "pass-through" revenue on paper of £4.6m (H1 2020/21: £26.4m) as the contracts covered by this arrangement are now largely completed. The Group also reported a small amount (£0.4m) of pass-through revenue relating to non-novated International Identity Solutions contracts following the sale of this business in October 2019.

Gross profit was £49.4m (H1 2020/21: £51.3m), reflecting growth in Currency due mainly to increased efficiencies, lower Authentication gross profitability on reduced volumes, and lower Identity Solutions profitability following the UK Passport contract completion and the sale of the International Identity Solution business.

Adjusted operating expenses excluding the impact of exceptional items and amortisation of acquired intangibles were £34.1m, £15.1m lower than the prior period (H1 2020/21: £49.2m), reflecting the fall in adjusted operating expenses following the benefit of our cost reduction initiatives, the sale of the International Identity Solutions business in October 2019 and the completion of Her Majesty's Passport Office (HMPO) contract.

Adjusted operating profit of £15.3m (H1 2019/20: profit £2.2m) reflected the benefit of lower adjusted operating expenses. Our two ongoing operating divisions adjusted operating profit was £6.4m (H1 2020/21: loss £3.9m) an improvement of £10.3m year-on-year.

IFRS operating profit of £4.6m (H1 2020/21: loss £9.2m) was lower than adjusted operating profit due to the recognition of net exceptional item charges of £10.2m. Further details are provided below.

Adjusted basic EPS was 6.5p (H1 2019/20 (restated): (loss) 1.4p) and IFRS basic EPS from continuing operations was 1.0p (H1 2019/20 (restated): (loss) 9.8p), the growth reflecting higher profits in H1 2020/21 compared to H1 2019/20, the benefit of which was mitigated by the higher weighted average share numbers post the equity raise.

Cash generated from operating activities was an inflow of £4.8m (H1 2019/20: outflow £32.2m), as profits from operating activities were partly offset by an adverse working capital movement of £3.4m (for further detail see below) and pension funding contributions of £7.7m. Cash generated from operating activities is also stated after approximately £5.0m of payments relating to exceptional items and discontinued operations.

The total net cash inflow including net proceeds of £92.9m from the equity capital raise, but excluding £74.3m of net repayments on Group borrowings in the period was £81.2m (H1 2019/20: outflow of £63.2m), and includes proceeds from the sale of a non-operational property of £2.7m, offset by capital expenditure of £8.6m, payments of £4.8m of transaction costs in relation to the debt refinancing and net interest payments of £3.1m. The total net increase in cash and cash equivalents in the period was £6.9m (FY 2019/20: decrease of £3.7m).

As at 26 September 2020, EBIT/net interest payable was 6.0 times (covenant of ≥2.4 times in this financial year), and net debt/EBITDA was 0.45 times (covenant of ≤3.0 times), as calculated in accordance with banking covenant definitions.

OPERATING PROFIT AND OPERATING COSTS

Adjusted operating profit in H1 2020/21 was £15.3m (H1 2019/20: £2.2m) and reflected:

- A profit of £2.5m in **Currency** (H1 2019/20: loss of £12.5m) resulting from a higher gross margin owing to improved production efficiencies and reduced overheads, including the benefit due to the reorganisation following the move to a divisional structure;
- A profit in **Authentication** of £3.9m a reduction on the prior year (H1 2019/20: £8.6m) reflecting mainly the divisional cost structure in H1 2020/21 compared to the allocation methodology in H1 2019/20, and reduced gross profit on lower volumes and;

- A profit in **Identity Solutions** of £8.9m (H1 2019/20: £6.1m), which will be substantially lower in H2 2020/21 and minimal in FY 2021/22 following the sale of International Identity Solutions and the termination of the UK Passport production contract.

On an IFRS basis, an operating profit of £4.6m was recorded (H1 2019/20: loss of £9.2m) including, in addition to the factors referred to above, net exceptional charges of £10.2m, which primarily related to restructuring charges associated with cessation of banknote production at our Gateshead facility, those related to other cost out initiatives including the restructuring of our central enabling functions, and certain costs related to the equity capital raise and debt refinancing completed in July 2020. Please see note 4 'Exceptional Items' below for more details.

On 14 October 2019, the Group disposed of its International Identity Solutions business. In November 2019, the Group moved from a functional to a divisional operating structure and completed a major reorganisation. Employees from the previous Group-wide functions moved to new roles within the new Currency and Authentication divisions or remained with enabling functions such as legal and finance. The cost base and structure following this reorganisation in H1 2020/21 is materially different to in H1 2019/20, reflecting the above. The Group from FY 2019/20 also changed its methodology for the allocation of enabling function costs into the divisions.

The group has considered the requirements of IFRS 8 with regards to the need to restate prior period segmental results and concluded that the Group is unable to make this restatement because the data is not available and the cost to develop it would be excessive. This is due to the cost base and employee structure of the business under the previous functional model being materially different to the new divisional structure. Therefore, it is not possible to undertake a like-for-like reallocation of costs for new divisions for the comparative period. Although comparatives have not been restated, in the commentaries included in this release, we have provided commentary on the changes in divisional cost base, to enable a year-on-year performance by division.

Due to the substantial changes that have occurred in the divisional structure, key reporting metrics for monitoring the divisional performance will be linked, going forward, to gross profit and adjusted controllable profit (before the allocation of enabling function overheads), with the enabling functional cost base being managed as part of the overall business key turnaround objectives.

Adjusted operating costs are stated net of furlough grant income of £0.4m received from the UK Government during the period for employees who were unable to operate in their roles fully due to the impact of COVID-19. The losses incurred by the Group due to COVID-19 are in excess of the amount of furlough grant received.

FINANCE CHARGE

The Group's net interest charge was £3.0m (H1 2019/20: £2.2m), excluding IAS 19 and IFRS 16 finance amounts and interest income due from the loan notes and preference shares obtained as part of the disposal of Portals paper. The Finance Charge reflects the revision to the available facilities from 7 July 2020 and includes fees for Advance Payment Guarantees consistent with the treatment in prior periods.

The IAS 19 related finance income/charge, which represents the difference between the interest on pension liabilities and assets was a credit of £0.8m (H1 2019/20: charge of £0.8m), due the opening pension valuation on an IAS 19 basis as at 29 March 2020 being a net surplus of £64.8m.

The financing charge associated with lease liabilities recorded under IFRS 16 in H1 2020/21 was £0.3m and was in line with the amount reported in H1 2019/20.

Interest due on the loan notes and preference shares held in Mooreco Limited (obtained as part of the consideration for the Portals paper disposal) amounted to £0.4m (H1 2019/20: £0.4m). The loan notes and preference shares are included in the balance sheet as Other Financial Assets.

The total Group net finance charge was £2.1m (H1 2019/20: £2.9m).

EXCEPTIONAL ITEMS

Exceptional items during the period were a net charge of £10.2m (H1 2019/20: net charge of £11.0m).

Exceptional items include the recognition of £8.1m of restructuring charges related to cessation of banknote production at our Gateshead facility and a further £1.2m of charges relating to other cost out initiatives including the restructuring of our central enabling functions. Exceptional items also included charges of £3.2m relating activities on the equity raise and bank refinancing completed in July 2020 which, whilst directly associated with these projects, did not relate to activities which in accordance with IFRS would qualify for recording in equity or capitalisation on the balance sheet as transaction costs associated with the debt refinancing. A credit of £2.7m was also included within exceptional items relating to the sale of a non-operational property owned by the Group. Please see note 4 'Exceptional Items' below for more details.

TAXATION

The net tax credit in respect of continuing operations for the first half was £0.5m (H1 2019/20: tax credit £2.0m). The effective tax rate on continuing operations before exceptional items and the amortisation of acquired intangibles was 15.5% (H1 2019/20: 16.4%). The effective tax rate for FY 2020/21 on continuing operations before exceptional items and amortisation of acquired intangibles is expected to be between 16-17%.

Net tax credits relating to exceptional items in the period were £2.4m (H1 2019/20: £1.8m). A tax credit of £0.1m (H1 2019/20: £0.1m) was recorded in respect of the amortisation of acquired intangibles.

EARNINGS PER SHARE

The equity capital raise in July 2020 increased the basic weighted average number of shares for earnings per share (EPS) purposes to 149.6m (HY 2019/20 (restated): 113.5m). IFRS basic earnings per share (EPS) was 1.0p (H1 2019/20 (restated): loss 9.8p) and adjusted basic EPS was 6.5p (H1 2019/20 (restated): loss 1.4p). The growth reflects higher profits in H1 2020/21 compared to H1 2019/20, the benefit of which was mitigated by the higher weighted average share numbers post the equity raise.

CASH FLOW AND BORROWING

Cash flow from operating activities was a net inflow of £3.3m (H1 2019/20 outflow of £32.2m). The inflow included:

- An adverse net working capital movement of £3.4m (H1 2019/20: outflow £35.1m) due to:
  - a build in inventory (negative impact £3.6m), mainly within Currency, which in part was attributable to changes in the delivery schedule on a significant contract;
  - a decrease in receivables (positive impact £7.6m) mainly reflecting a positive working capital movement on trade receivables and contract assets (£9.8m), an inflow in relation to derivative assets (£7.6m), offset by a cash collateral balance taken out relating to a material new Currency sales contract; and
  - a reduction in payables (negative impact £7.4m) due to timing of trade creditor payments which was partially offset by movements in advance payments;
- an increase in provisions (positive impact of £1.0m) following the recognition of the restructuring provision which was partly offset with the utilisation of the onerous contract provision;
- Pension fund contributions of £7.7m (H1 2019/20: £10.7m).

Cash outflow from investing activities was £5.8m (H1 2019/20: outflow £9.7m), primarily on capital and development asset expenditure as we invest in the business (£8.6m), which was offset by the proceeds from the sale of a non-operational property (£2.7m). Capital expenditure is stated net of cash receipts from grants received in the half year of £1.3m.

Cashflows from financing activities were a net inflow of £9.4m (H1 2019/20: inflow of £38.2m) as proceeds from the capital raise of £92.9m (stated net of costs £7.1m) were partially offset by repayment of the revolving credit facility of £74.0m, payment of transactions costs related to the debt refinancing of £4.8m, interest payments in relation to the Group's borrowings of £3.1m and IFRS 16 lease liability payments of £1.3m.

As a result, Group net debt decreased to £21.6m at 26 September 2020, from £102.8m at 28 March 2020. Net debt at the half year was lower than expected due mainly to the phasing of capital expenditure and positive working capital movements, as set out above.

Cash flows in the second half will be impacted by an outflow of circa £12m related to the close out of the UK Passport contract, in addition to capital expenditure and cash exceptionals. Net debt for the full year is forecast to remain in line with the Board's expectations.

The Group has Bank facilities of £275m including an RCF cash drawdown component of up to £175m and bond and guarantee facilities of a minimum of £100m, which currently are due to mature in December 2023. The Group can convert (in blocks of £25m) up to £50m of the undrawn RCF cash component to the bond and guarantee component if required and can elect to convert this back (in blocks of £25m) in order to draw in cash if the bond and guarantee component has not been sufficiently utilised. At the period end, the covenant tests were as follows: EBIT/net interest payable 6.0 times (covenant of ≥2.4 times in this financial year), net debt/EBITDA 0.45 times (covenant of ≤3.0 times). The covenant tests use earlier accounting standards and exclude adjustments, including IFRS 16.

In order to facilitate the equity capital raising and provide existing Shareholders and new investors with sufficient certainty around the continued availability, and terms, of the Group's financing to successfully implement the Turnaround Plan and support the future growth of the business, the Group agreed terms with its lenders in order to secure (among other things) (i) an extension to the maturity date of the Group's existing revolving facility agreement to 1 December 2023; (ii) a temporary relaxation of applicable financial covenants; and (iii) appropriately sized committed bond and guarantee facilities.

All amendments to the Group's revolving facility agreement were conditional, among other things, upon the Company receiving the proceeds of the equity capital raise in the gross amount of at least £100m by no later than 31 July 2020. The Group successfully raised the proceeds via equity funding during July 2020.

PENSION DEFICIT AND FUNDING

The valuation of the Group's UK defined benefit pension Scheme (the "Scheme") on an IAS 19 basis at 26 September 2020 is a net deficit of £1.3m (28 September 2019: £37.9m, 28 March 2020: surplus £64.8m). The movement in the IAS 19 valuation from a net surplus at 28 March 2020 was due to the positive growth in scheme assets due to investment returns being more than offset by the growth in scheme liabilities, primarily driven by a lower discount rate of 1.55% used in the IAS 19 valuation as at 26 September 2020 compared to the discount rate at 28 March 2020 of 2.40%.

The charge to adjusted operating profit in respect of the Scheme in the period was £0.9m (H1 2019/20: £0.6m) and in addition, £0.5m of administration costs directly related to work completed in connection with the equity raise and bank refinancing completed in July 2020 was recorded within exceptional items. Under IAS 19 there was a finance credit of £0.8m arising from the difference between the interest cost on liabilities and the interest income on scheme assets, the credit being driven by the fact the scheme was in an IAS 19 surplus at the 29 March 2020 of £64.8m (H1 2019/20: charge of £0.8m).

On 31 May 2020, the Trustee and the Company agreed the terms for a schedule of contributions and a recovery plan, setting out a programme for clearing the UK Pension Scheme deficit (the "Recovery Plan"). The latest actuarial valuation of the UK Pension Scheme as at 31 December 2019, which was based on intentionally prudent assumptions, revealed a funding shortfall (technical provisions minus the value of the assets) of £142.6m. The Recovery Plan makes an allowance for post-valuation market conditions up to 30 April 2020 (at which point there is an estimated funding shortfall of £190m), including the impact of COVID-19 on financial markets to that date.

The £190m deficit is addressed by payments of £15m per annum (payable quarterly in arrears) under the Recovery Plan payable from 1 April 2020 until 31 March 2023 and then payments of £24.5m per annum (payable quarterly in arrears) from 1 April 2023 until 31 March 2029 (whereas under the recovery plan agreed with the trustee in 2016 ("2015 Recovery Plan"), the payments would have been £22.2 million between 1 April 2020 and 31 March 2021, £23.1 million between 1 April 2021 and 31 March 2022 and £23 million per annum thereafter until 31 March 2028). Additional contingent contributions in exceptional circumstances will become payable by way of an acceleration of the contributions due in later years where: (i) the leverage ratio (consolidated net debt: EBITDA) is equal to or greater than 2.5x in either FY 2021/2 or FY2022/23, up to a maximum of £4m in each financial year and £8m in total and/or (ii) the Company or any its subsidiaries take any action which will cause material detriment (defined in section 38 Pensions Act 2004) to the UK Pension Scheme, of £23.3m (£7.2m in FY 2020/21, £8.1m in FY 2021/22 and £8m in FY 2022/23) over the period up to 31 March 2023.

The funding of the Recovery Plan is to be sourced from cash generation of the future business activities, but the Trustee has contractually agreed not to request any portion of the equity capital raising proceeds. This agreement with the Trustee of the UK Pension Scheme was conditional on an amount in full settlement of the equity capital raising in the gross amount of at least £100m having been received by the Company by no later than 31 July 2020. The equity raising was successfully completed on 7 July 2020.

OPERATING REVIEW

Authentication

The **Authentication** division comprises mainly GRS and brand protection products and includes elements of the identity business that were not transferred as part of the sale of International Identity Solutions.

	H1 2020/21	H1 2019/20 Restated**	Change
IFRS Revenue (£m)	31.7	34.9	*-9.1%*
Adjusted Revenue (£m)	31.7	34.9	*-9.1%*
Gross Profit (£m)	13.8	15.6	*-11.5%*
Adjusted Gross Profit margin	43.5%	44.7%	*-120bpts*
IFRS operating profit (£m)**	3.2	8.2	*-61.0%*
IFRS operating margin	10.1%	23.5%	*-1340bpts*
Adjusted operating profit* (£m)	3.9	8.6	*-54.7%*
Adjusted operating margin*	12.3%	24.6%	*-1230bpts*

*Excludes exceptional item charges of £0.1m (H1 2019/20: net charges of £nil) and amortisation of acquired intangibles of £0.5m (H1 2019/20: £0.4m).
** Authentication and Identity Solutions results for H1 2019/20 have been restated in line with the adjustment noted in the current year to present the results of one of the Group's subsidiaries solely in the Authentication division consistent with where management of the subsidiary's business now falls. The impact of this has been the transfer of the following amounts from the Identity Solutions results above to Authentication: Revenue of £1.9m, Gross Profit of £1.2m and Adjusted operating profit of £0.9m and IFRS operating profit of £0.6m that would have been presented in the Identity Solutions division previously.

IFRS and adjusted revenue were £31.7m (H1 2019/20: £34.9m), a decrease of 9.1% due to the H1 2019/2020 comparative including revenues of £1.6m relating to contracts sold to as part of the International Identity Solutions Business disposal, and lower volumes on two contracts which are expected to recover, the impact of which was partially offset by growth in ongoing sales to current customers.

IFRS operating profit of £3.2m (H1 2019/20: £8.2m) and adjusted operating profit of £3.9m (H1 2019/20: £8.6m) were lower reflecting mainly the divisional cost structure in H1 2020/21 compared to an allocation methodology in H1 2019/20, and reduced gross profit on lower volumes, which has resulted in more costs being included within the Authentication division than would have been the case in the prior period (see page 7 for further details).

Adjusted controllable operating profit for H1 2020/21 was £6.7m, with no comparator to the prior year due to the Group reorganisation.

Currency

The **Currency** business comprises banknote print, polymer and security features.

	H1 2020/21	H1 2019/20	Change
IFRS Revenue (£m)	130.6	155.1	*-15.8%*
Adjusted Revenue (ex-paper) (£m)*	126.0	128.7	*-2.1%*
Gross Profit (£m)	24.3	18.5	*31.3%*
Adjusted Gross Profit margin	19.3%	14.4%	*490bpts*
IFRS operating (loss)/profit (£m)	(5.7)	(12.3)	*53.7%*
IFRS operating margin	-4.4%	-7.9%	*350bpts*
Adjusted operating profit/(loss)** (£m)	2.5	(12.5)	*120%*
Adjusted operating margin**	2.0%	-9.7%	*1170bpts*

*Excludes "pass through" revenue of £4.6m (H1 2019/20 £26.4m) related to non-novated paper contracts relating to the Portals De La Rue sale.
** Excludes exceptional item net charges of £8.2m (H1 2019/20: net credit of £0.2m).

Overall, we saw an increase in banknote and polymer volumes, partially offset by a reduction in average banknote price, and lower security feature volumes with an improved mix. Adjusted revenue was £126.0m (H1 2019/20: £128.7m) and IFRS revenue was £130.6m, 15.8% lower than the prior year and includes the recognition of £4.6m of "pass-through" paper revenue. As at 26 September 2020, the 12-month order book for Currency was £192m (28 March 2020: £172m) and the total order book for Currency was £277m.

We saw an increase in adjusted profit from a loss of £12.5m in H1 2019/20, to a £2.5m profit in H1 2020/21 due to the implementation of manufacturing cost reductions and production volume efficiencies delivered in H1 2020/21 as well as lower overheads following the move in H2 2019/20 to the divisional structure, which has resulted in less costs being included within the Currency division than would have previously been the case.

Adjusted controllable operating profit for H1 2020/21 was £13.8m, with no comparator to the prior year due to the Group reorganisation.

Identity Solutions

The **Identity Solutions** business comprises mainly our passport and other personal identity products.

	H1 2020/21	H1 2019/20 Restated*	Change
IFRS Revenue (£m)	17.4	42.3	*-58.9%*
Adjusted Revenue (£m)	17.0	42.3	*-59.8%*
Gross Profit (£m)	10.6	16.9	*-37.3%*
Adjusted Gross Profit margin	62.4%	40.0%	*-2240bpts*
IFRS operating profit (£m)	8.9	6.1	*+45.9%*
IFRS operating margin	51.1%	14.4%	*3180pbts*
Adjusted operating profit (£m)	8.9	6.1	*+45.9%*
Adjusted operating margin	52.4%	14.4%	*3310bpts*

* Authentication and Identity Solutions results for H1 2019/20 have been restated in line with the adjustment noted in the current year to present the results of one of the Group's subsidiaries solely in the Authentication division consistent with where management of the subsidiary's business now falls. The impact of this has been the transfer of the following amounts from the Identity Solutions results above to Authentication: Revenue of £1.9m, Gross Profit of £1.2m and Adjusted operating profit of £0.9m and IFRS operating profit of £0.6m that would have been presented in the Identity Solutions division previously.

IFRS revenue and adjusted revenue was £17.4m (H1 2019/20: £42.3m), with the reduction driven by lower volumes within our UK Passport business ahead of the completion of the transition to the new supplier for the UK Passport production contract, and the sale of the International Identity Solutions business. H1 2020/21 includes revenue in relation to the DSA supply agreement entered into with HID related to the International Identity Solutions business disposal. IFRS and adjusted operating profit of £8.9m is higher than in H1 2019/20, reflecting lower overheads following the move in H2 2019/20 to the divisional structure, which has resulted in less costs being included within Identity Solutions than would have previously been the case.

We worked with Her Majesty's Passport Office on the completion of the transition to the new supplier for the UK Passport production contract, and we expect substantially lower operating profits from this contract from H2 2020/21 onwards.

BOARD CHANGES

On 17 June 2020, we announced that Sabri Challah has informed the Board of his intention to step down as a Director due to his other commitments. Sabri stood down as the Senior Independent Director and Board member at the Annual General Meeting on 6 August 2020.

On 22 September, we announced the immediate appointments of Rt Hon Baroness Catherine Ashton and Margaret Rice-Jones as a Non-executive Directors of the Company. Both Directors have become members of the Audit, Remuneration, Nomination and Ethics Committees.

On 1 October 2020, we announced the appointment of Rob Harding as Chief Financial Officer and as an Executive Director on the Board of the Company to take effect immediately. Rob joined De La Rue as Interim Chief Financial Officer on 9 March 2020.

Clive Vacher
Chief Executive Officer

25 November 2020

Cautionary note regarding forward-looking statements
These results include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, De La Rue or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of De La Rue and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond De La Rue's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods.

Other than in accordance with its legal or regulatory obligations, De La Rue does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

DIRECTORS REPORT

Principal risks and uncertainties

Throughout its global operations De La Rue faces various risks, both internal and external, which could have a material impact on the Group's performance. The Group manages the risks inherent in its operations in order to mitigate exposure to all forms of risks, where practical, and to transfer risk to insurers, where cost effective.

The Group analyses the risks that it faces under the following broad headings: strategic risks (technological revolution, strategy implementation, changes to the market environment and economic conditions), operational risks, legal/ regulatory, information risks and financial risks (currency risk, credit risk, liquidity risk, interest rate risk and commodity price risk).

The principal risks and uncertainties were outlined in the 28 March 2020 Annual Report and Accounts. Since the publication of these, the risks have been reviewed taking into account the successful equity capital raise and bank refinancing and now include: COVID-19, quality management and delivery failure, failure of a key supplier, bribery and corruption, failure to Implement the Turnaround Plan and run the business, loss of a key site or process, banking, loss of material contract, breach of information security, breach of product security and breach of sanctions. In addition, during FY 2020/21, the Group identified an additional risk: sustainability and climate change.

A copy of the Annual Report and Accounts for the year ended 28 March 2020, is available on the Company's website www.delarrue.com.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 1 to 17 of the Strategic report in the 2020 Annual Report. In addition, pages 134 to 142 of the 2020 Annual Report include the Group's objectives, policies and processes for financial risk management, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and commodity pricing risk.

In the Group's Annual Report for 2020, the Directors concluded there was a material uncertainty that could cast significant doubt on the Group's ability to continue as a going concern. This uncertainty related to a shareholder vote to approve a £100m equity capital raise, a vote which had not yet taken place at the time the Annual Report was issued. At a General Meeting of the Group on 6 July 2020, the shareholders voted overwhelmingly in support of the capital raise, hence removing the material uncertainty. Following the shareholder approval, effective 7 July 2020, the Group amended the terms of its banking facilities of £275m.The relevant amendments among other things, extend the maturity of the RCF to December 2023 and give the Group access to an RCF cash drawdown component of £175m and bond and guarantee facilities of a minimum of £100m.The continued access to these borrowing facilities is subject to quarterly covenant testing. At 26 September 2020, the group had drawn down £43m of the £175m cash element of the RCF leaving £132m of undrawn committed borrowing facilities available to the Group. Since 26 September 2020 the Group has also reallocated £25m of the cash component to the bond and guarantee component (see note 9 for further details).

Taking into account the result of the shareholder vote on 6 July 2020, the trading result for the 6-month period to 26 September 2020 and ability of the Group to deliver on its current orderbook, the Directors have made their Going Concern assessment for these interim financial results. The Group's updated forecasts and projections, which cover a period up to 31 December 2021, take into account the base case forecast as well as plausible downside scenarios. In performing this assessment, the Directors have considered the potential impact of COVID-19, taking into account its impact on the company in the period to date as well as actions taken by the company to mitigate its impact. These forecasts and projections show that the Group will be able to operate within its available banking facilities and financial covenants throughout this period.

As a consequence, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed interim financial statements

A copy of the 2020 Annual Report is available at www.delarue.com or on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge the condensed set of financial statements, which have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as a whole as required by DTR 4.2.4R and the management report includes a fair review of:

- the important events that have occurred during the first half of the financial year and their impact on the condensed set of financial statements;
- the principal risks and uncertainties for the remaining half of the financial year; and
- related party transactions that have taken place in the first half of the financial year and any changes in the related party transactions described in the previous annual report that have, in either case, materially affected the financial position or performance of the Group during the first half of the current financial year.

The Board of Directors of De La Rue plc at 28 March 2020 and their respective responsibilities can be found on pages 44 and 45 of the De La Rue plc Annual Report 2020. Changes since that date are discussed above under “Board Changes”.

For and on behalf of the Board

Kevin Loosemore
Chairman
25 November 2020

INDEPENDENT REVIEW REPORT TO DE LA RUE PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 26 September 2020 which comprises the Group condensed consolidated interim income statement, the Group condensed consolidated interim statement of comprehensive (loss)/income, the Group condensed consolidated interim balance sheet, the Group condensed consolidated interim statement of cash flows, the Group condensed consolidated interim statement of changes in equity and the related explanatory notes**.** We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 26 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Reading, UK
25 November 2020

GROUP CONDENSED CONSOLIDATED INTERIM
INCOME STATEMENT - UNAUDITED
FOR THE HALF YEAR ENDED 26 SEPTEMBER 2020

	Notes	**2020/21 Half Year**	Restated[1],[2] 2019/20 Half Year	Restated[2] 2019/20 Full Year
		£m	£m	£m
Revenue from customer contracts	2	**179.7**	232.3	466.8
Cost of sales		**(130.3)**	(181.0)	(360.9)
Gross Profit		**49.4**	51.3	105.9
Adjusted operating expenses		**(34.1)**	(49.1)	(82.2)
Adjusted Operating profit		**15.3**	2.2	23.7
Adjusted items:				
Amortisation of acquired intangible assets		**(0.5)**	(0.4)	(0.9)
Net exceptional items	4	**(10.2)**	(11.0)	20.0
Operating profit		**4.6**	(9.2)	42.8
Interest income		**0.4**	0.7	1.0
Interest expense		**(3.3)**	(2.8)	(6.1)
Net retirement benefit obligation finance income/(charge)		**0.8**	(0.8)	(1.6)
Net finance expense		**(2.1)**	(2.9)	(6.7)
Profit/(loss)before taxation from continuing operations		**2.5**	(12.1)	36.1
Taxation		**0.5**	2.0	–
Profit/(loss)for the period from continuing operations		**3.0**	(10.1)	36.1
Loss from discontinued operations	3	**(0.1)**	(0.7)	(0.3)
Profit/(loss) for the period		**2.9**	(10.8)	35.8
Attributable to:				
-Owners of the parent		**1.4**	(11.8)	34.1
-Non-controlling interests		**1.5**	1.0	1.7
Profit/(loss) for the period		**2.9**	(10.8)	35.8

Earnings per ordinary share			
Basic			
Basic EPS continuing operations	**1.0p**	(9.8p)	30.3p
Basic EPS discontinued operations	**(0.1p)**	(0.6p)	(0.3p)
Total basic earnings per share	**0.9p**	(10.4p)	30.0p
Diluted			
Diluted EPS continuing operations	**1.0p**	(9.8p)	30.2p
Diluted EPS discontinued operations	**(0.1p)**	(0.6p)	(0.3p)
Total diluted earnings per share	**0.9p**	(10.4p)	29.9p

Note:

(1) The prior period column has been restated to show cost of sales separate from total operating expenses as reported in previous periods, thus allowing presentation of gross profit. The inclusion of this level of information is considered useful and will provide greater insight into the performance of the business. For HY 2019/20 total operating expenses – total ordinary operating expenses of £230.5m was originally reported (including £1.1m disclosed separately as expected credit losses). This was made up of costs of inventories recognised as an expense of £174.9m, negative manufacturing variances of £6.1m, adjusted operating expenses of £49.1m (being operating expenses adjusted for amortisation of acquired intangible assets and net exceptional items) as an expense and the negative manufacturing variances have been presented combined on the cost of sales line (net value £181.0m) and amortisation of acquired intangible assets of £0.4m. Consistent with the new presentation format above, the prior period amounts of cost of inventories recognised and adjusted operating expenses of £49.1m have been presented separately.

(2) Prior year EPS figures have been restated for the impact of the Rights Issue.

GROUP CONDENSED CONSOLIDATED INTERIM
STATEMENT OF COMPREHENSIVE (LOSS)/INCOME - UNAUDITED
FOR THE HALF YEAR ENDED 26 SEPTEMBER 2020

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Profit/(loss) for the financial period	**2.9**	(10.8)	35.8
Other comprehensive income			
Items that are not reclassified subsequently to income statement:			
Re-measurement (losses)/gains on retirement benefit obligations	**(74.1)**	29.0	114.1
Tax related to remeasurement of net defined benefit liability	**14.0**	(5.1)	(20.5)
Items that may be reclassified subsequently to income statement:			
Foreign currency translation difference for foreign operations	**1.1**	2.9	3.3
Foreign currency translation difference reclassified to income statement on disposal of subsidiary	**-**	-	1.3
Change in fair value of cash flow hedges	**0.4**	2.0	1.4
Change in fair value of cash flow hedges transferred to income statement	**(0.3)**	0.4	1.4
Change in fair value of cash flow hedges transferred to non-current assets	**-**	0.2	-
Income tax relating to components of other comprehensive income	**0.1**	(0.3)	-
Other comprehensive (loss)/income for the period, net of tax	**(58.8)**	29.1	101.0
Total comprehensive (loss)/income for the period	**(55.9)**	18.3	136.8
Total comprehensive (loss)/income for the period attributable to:			
Equity shareholders of the Company	**(57.4)**	17.3	135.1
Non-controlling interests	**1.5**	1.0	1.7
	(55.9)	18.3	136.8

GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET - UNAUDITED

AT 26 SEPTEMBER 2020

	Notes	**2020/21 Half Year £m**	2019/20 Half Year £m	2019/20 Full Year £m
ASSETS				
Non-current assets				
Property, plant and equipment		**109.1**	127.4	114.6
Intangible assets		**31.2**	31.9	31.0
Right-of-use assets		**11.6**	-	12.9
Retirement benefit obligations		**-**	-	64.8
Deferred tax assets		**14.8**	16.3	5.5
Derivative financial instruments	8	**0.6**	2.4	2.1
Other financial assets		**8.4**	7.6	8.0
		175.7	185.6	238.9
Current assets				
Inventories		**56.7**	62.4	53.9
Trade and other receivables		**76.6**	94.9	67.1
Contract assets		**9.9**	18.0	18.3
Current tax assets		**0.2**	1.6	0.3
Derivative financial instruments	8	**8.4**	8.0	14.5
Cash and cash equivalents		**21.5**	11.2	14.6
Assets classified as held for sale		**-**	31.6	-
		173.3	227.7	168.7
Total assets		**349.0**	413.3	407.6
LIABILITIES				
Current liabilities				
Current borrowings		**(0.1)**	(180.9)	(116.6)
Trade and other payables		**(129.5)**	(154.5)	(133.3)
Contract liabilities		**(0.9)**	(0.2)	(0.3)
Lease liabilities		**(2.2)**	(2.8)	(2.8)
Current tax liabilities		**(11.3)**	(11.8)	(12.5)
Derivative financial instruments	8	**(8.0)**	(7.4)	(14.0)
Provisions for liabilities and charges		**(11.6)**	(11.0)	(10.6)
Liabilities as held for sale		**-**	(10.8)	-
		(163.6)	(379.4)	(290.1)
Non-current liabilities				
Non-current borrowings		**(38.5)**	-	-
Retirement benefit obligations	10	**(3.1)**	(39.9)	(1.8)
Deferred tax liabilities		**(2.9)**	(3.7)	(8.8)
Derivative financial instruments	8	**(0.6)**	(2.3)	(2.1)
Lease liabilities		**(10.3)**	(12.3)	(11.1)
Other non-current liabilities		**-**	-	(0.5)
		(55.4)	(58.2)	(24.3)
Total liabilities		**(219.0)**	(437.6)	(314.4)
Net assets/liabilities		**130.0**	(24.3)	93.2
EQUITY				
Ordinary share capital		**88.6**	47.8	47.8
Share premium account		**42.2**	42.2	42.2
Capital redemption reserve		**5.9**	5.9	5.9
Hedge reserve	8	**0.3**	(0.2)	0.1
Cumulative translation adjustment		**10.7**	7.9	9.6
Other reserves		**(31.7)**	(83.8)	(83.8)
Retained earnings		**(2.7)**	(59.2)	56.2
Total equity attributable to shareholders of the Company		**113.3**	(39.4)	78.0
Non-controlling interests		**16.7**	15.1	15.2
Total equity		**130.0**	(24.3)	93.2

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS – UNAUDITED
FOR THE HALF YEAR ENDED 26 SEPTEMBER 2020

	Notes	**2020/21 Half Year £m**	2019/20 Half Year £m	2019/20 Full Year £m
Cash flows from operating activities				
(Loss)/profit before tax[1]		**2.4**	(12.9)	35.9
Adjustments for:				
Finance income and expense		**2.1**	2.9	6.7
Depreciation		**7.8**	8.9	16.9
Amortisation		**2.3**	1.7	3.9
(Increase)/decrease in inventories [2]		**(3.6)**	(21.8)	(12.1)
(Increase)/decrease in trade and other receivables [2]		**7.6**	(5.8)	10.2
(Decrease)/increase in trade and other payables [2]		**(7.4)**	(7.5)	(19.2)
Increase/(decrease) in provisions		**1.0**	7.7	7.4
Pension funding contributions		**(7.7)**	(10.7)	(21.3)
Share based payment expense		**(0.1)**	0.1	(0.6)
Add back of non-cash GMP pension liability adjustment		**-**	-	(8.7)
(Profit)/Loss on disposal of business		**-**	(0.7)	(22.7)
Profit from sale of Property, plant and equipment		**(2.7)**	-	-
Add back of non-cash net credit loss provision		**0.2**	1.1	1.0
Add back impairment of Property, plant and equipment and accelerated depreciation charges included within exceptional items		**1.2**	1.3	2.3
Other non-cash movements		**1.7**	2.4	1.9
Cash generated from operations		**4.8**	(33.3)	1.5
Tax received/(paid)		**(1.5)**	1.1	3.5
Net cash flows from operating activities		**3.3**	(32.2)	5.1
Cash flows from investing activities				
Proceeds from the sale of subsidiary (net of cash disposed)		**-**	-	42.0
Purchases of property, plant and equipment and software intangibles		**(7.2)**	(5.9)	(11.4)
Development expenditure capitalised		**(1.4)**	(3.8)	(5.8)
Proceeds from sale of property, plant and equipment		**2.7**	-	-
Interest received		**0.1**	-	0.2
Receipt of RDEC		**-**	-	0.6
Net cash flows from investing activities		**(5.8)**	(9.7)	25.6
Net cash flows before financing activities		**(2.5)**	(41.9)	30.7
Cash flows from financing activities				
Proceeds from issue of share capital		**92.9[3]**	0.1	0.2
Net (repayment)/drawdown of borrowings		**(74.3)[4]**	59.0	(1.5)
Payment of transactions costs associated with the debt refinancing		**(4.8)**	-	-
Lease liability payments		**(1.3)**	(1.1)	(2.3)
Interest paid		**(3.1)**	(2.5)	(6.0)
Dividends paid to shareholders		**-**	(17.3)	(17.3)
Dividends paid to non-controlling interests		**-**	-	(0.6)
Net cash flows from financing activities		**9.4**	38.2	(27.5)
Net (decrease)/increase in cash and cash equivalents in the period		**6.9**	(3.7)	3.2
Cash and cash equivalents at the beginning of the period		**14.5**	11.3	11.3
Exchange rate effects		**-**	0.1	-
Cash and cash equivalents at the end of the period		**21.4**	7.7	14.5
Cash and cash equivalents consist of:				
Cash at bank and in hand		**21.5**	11.2	14.6
Cash transferred to held for sale		**-**	0.6	-
Bank overdrafts		**(0.1)**	(4.1)	(0.1)

(1) Profit before tax includes continuing and discontinuing operations.
(2) Working capital movements include in HY 2019/20 amounts relating to International IDS which have been transferred to held for sale in order to show true cashflows for the period. The International IDS business was presented as held for sale at 28 September 2019 prior to final disposal on 14 October 2019.
(3) Stated net of associated costs of £7.1m.
(4) In the period HY 2020/21 the majority of the equity capital raise proceeds were used to subsequently repay a substantial part of the RCF shortly after amendment on 7 July 2020.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE HALF YEAR ENDED 26 SEPTEMBER 2020

	Attributable to equity shareholders							Non-controlling interest	Total equity
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained earnings £m	£m	£m
Balance at 31 March 2019	**47.7**	**42.1**	**5.9**	**(2.5)**	**5.0**	**(83.8)**	**(54.6)**	**9.9**	**(30.3)**
Loss for the period	-	-	-	-	-	-	(11.8)	1.0	(10.8)
Other comprehensive income, net of tax	-	-	-	2.3	2.9	-	23.9	-	29.1
Total comprehensive income	-	-	-	2.3	2.9	-	12.1	1.0	18.3
Transactions with owners of the company recognised directly in equity:	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (see note11)	-	-	-	-	-	-	0.8	4.2	5.0
Share capital issued	0.1	0.1	-	-	-	-	-	-	0.2
Employee share scheme:	-	-	-	-	-	-	-	-	-
- value of services provided	-	-	-	-	-	-	0.1	-	0.1
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	(0.3)	-	(0.3)
Dividends paid	-	-	-	-	-	-	(17.3)	-	(17.3)
Balance at 28 September 2019	**47.8**	**42.2**	**5.9**	**(0.2)**	**7.9**	**(83.8)**	**(59.2)**	**15.1**	**(24.3)**
Profit for the period	-	-	-	-	-	-	**45.9**	0.7	**46.6**
Other comprehensive income, net of tax	-	-	-	0.3	1.7	-	69.9	-	71.9
Total comprehensive income	-	-	-	0.3	1.7	-	115.8	0.7	118.5
Transactions with owners of the company recognised directly in equity:									
Share capital issued	-	-	-	-	-	-	-	-	-
Employee share scheme:									
- value of services provided	-	-	-	-	-	-	(0.8)	-	(0.8)
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	(0.1)	-	(0.1)
Other	-	-	-	-	-	-	0.5	-	0.5
Dividends paid	-	-	-	-	-	-	-	(0.6)	(0.6)
Balance at 28 March 2020	**47.8**	**42.2**	**5.9**	**0.1**	**9.6**	**(83.8)**	**56.2**	**15.2**	**93.2**
Profit for the period	-	-	-	-	-	-	1.4	1.5	2.9
Other comprehensive income, net of tax	-	-	-	0.2	1.1	-	(60.1)	-	(58.8)
Total comprehensive income	-	-	-	0.2	1.1	-	(58.7)	1.5	(55.9)
Transactions with owners of the company recognised directly in equity:	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (see note 11)	-	-	-	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-	-	-	-
Employee share scheme:	-	-	-	-	-	-	(0.2)	-	(0.2)
- value of services provided	-	-	-	-	-	-	-	-	-
Rights issue	40.8	-	-	-	-	52.1	-	-	92.9
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Balance at 26 September 2020	**88.6**	**42.2**	**5.9**	**0.3**	**10.7**	**(31.7)**	**(2.7)**	**16.7**	**130.0**

Share premium account
This reserve arises from the issuance of shares for consideration in excess of their nominal value.

Capital redemption reserve
This reserve represents the nominal value of shares redeemed by the Company.

Hedge reserve
This reserve records the portion of any gain or loss on hedging instruments that are determined to be effective cash flow hedges. When the hedged transaction occurs, the gain or loss on the hedging instrument is transferred out of equity to the income statement. If a forecast transaction is no longer expected to occur, the gain or loss on the related hedging instrument previously recognised in equity is transferred to the income statement.

Other reserve
On 1 February 2000, the Company issued and credited as fully paid 191,646,873 ordinary shares of 25p each and paid cash of £103.7m to acquire the issued share capital of De La Rue plc (now De La Rue Holdings Limited), following the approval of a High Court Scheme of Arrangement. In exchange for every 20 ordinary shares in De La Rue plc, shareholders received 17 ordinary shares plus 920p in cash. The other reserve of £83.8m arose as a result of this transaction and is a permanent adjustment to the consolidated financial statements.

On 17 June 2020 the Group announced that it would issue new ordinary shares via a "cash box" structure to raise gross proceeds of £100m, in order to provide the Company and its management with operational and financial flexibility to implement De La Rue's turnaround plan, which was first announced by the Company earlier in the year. The cashbox completed on 7 July 2020 and consisted of a firm placing, placing and open offer. The Group issued 90.9m new ordinary shares each with a nominal value of 44 152/175p, at a price of 110p per share (giving gross proceeds of £100m). A "cash box" structure was used in such a way that merger relief was available under Companies Act 2006, section 612 and thus no share premium needed to be recorded and instead an 'other reserve' of £52.1m was recorded. This section applies to shares which are issued to acquire non-equity shares (such as the Preference Shares) issued as part of the same arrangement. The Group recorded share capital equal to the aggregate nominal value of the ordinary shares issued (£40.8m) and merger reserve equal to the difference between the total proceeds net of costs and share capital. As the cash proceeds received by DLR plc where loaned via intercompany account to a subsidiary company to enable a substantial repayment of the RCF, the increase to other reserves of £52.1m was treated as an unrealised profit and hence not currently considered distributable as at 26 September 2020. This judgement might be revised in future periods, subject to certain internal transactions enabling the settlement of intercompany positions.

Cumulative translation adjustment (CTA)
This reserve records cumulative exchange differences arising from the translation of the financial statements of foreign entities since transition to IFRS. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the income statement. This reserve also records the effect of hedging net investments in foreign operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – UNAUDITED

1 Basis of preparation and statement of compliance

These condensed consolidated financial statements have been prepared on a Going Concern basis. These condensed consolidated half-yearly financial statements of De La Rue plc (the Group) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The annual consolidated financial statements of the Group are prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs). These condensed consolidated half-yearly financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006 and should be read in conjunction with the Annual Report March 2020. The comparative figures for the period ended 26 September 2020 are not the Group's statutory accounts for that financial year. The March 2020 financial statements have been reported upon by the Group's auditor and delivered to the registrar of companies. The report of the auditor was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. The above notwithstanding, the auditor's report for the period ended 28 March 2020 drew attention to, without modifying the conclusion, the Group's disclosure of a material uncertainty in respect of going concern, specifically in relation to the securing of Shareholder approval for the equity capital raise. Refer to the Going Concern statement on page 14 for further details of the Director's Going Concern assessment.

The accounting policies adopted in the preparation of these condensed consolidated half-yearly financial statements to 26 September 2020 are consistent with the accounting policies applied by the Group in its consolidated financial statements as at, and for the period ended, 28 March 2020 as required by the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority, with the exception of the adoption of new and amended standards as set out below. The comparative figures for HY 2019/20 have been restated to show cost of sales separate from total operating expenses as reported in previous periods (see footnote under the income statement on page 17 for further details).

New and amended standards adopted by the Group

During the period, the following new and amended IFRS became effective for the Group:
- Definition of a business – Amendments to IFRS 3
- Interest rate benchmark reform Phase 1 and temporary relief has been taken to continue to apply hedge accounting.

These changes have not had a material impact to the financial statements. Additional disclosure on the impact of amendments will be provided in the Annual Report and Accounts.

COVID-19

The Annual Report for the period ended 28 March 2020 including an assessment of the potential impact of COVID-19 on the financial position of the Group as a March 2020. The directors still consider this assessment to be appropriate for the half-yearly financial statements based on the current position. It is noted that impairments and accelerated depreciation charges of £1.2m have been recorded in the period, but that these relate to the cessation of manufacturing at the Gateshead facility and not due to Covid-19 related issues.

2 Segmental analysis

The continuing operations of the Group have three main operating units: Currency, Identity Solutions and Product Authentication & Traceability. The Board, which is the Group's Chief Operating Decision Maker, monitors the performance of the Group at this level and there are therefore three reportable segments. The principal financial information reviewed by the Board is revenue and adjusted operating profit.

The Group's segments are:
- Currency – provides printed banknotes, polymer substrates and banknote security components
- Authentication – the supply of a range of physical and digital solutions such as: tax stamps and supporting software solutions, authentication labels and associated brand protection digital solutions, cheques and bank cards for Africa, and ID security components including polycarbonate.
- Identity Solutions – involved in the provision of passport, ePassport, national ID and eID, driving licence and voter registration schemes

Inter-segmental transactions are eliminated upon consolidation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – UNAUDITED

The segment note is focused on three divisions which reflects what has been reported to the Chief Operating Decision Maker, this is in line with the commentary in the front half on the financial performance. The commentary in the front half relating to the future strategy only refers to the Currency and Authentication divisions.

On 14 October 2019, the Group disposed of its International Identity Solutions business. In November 2019, the Group moved from a functional to a divisional operating structure and completed a major reorganisation. Employees from the previous Group-wide functions moved to new roles within the new Currency and Authentication divisions or remained with enabling functions such as legal and finance. The cost base and structure following this reorganisation in H1 2020/21 is materially different to in H1 2019/20, reflecting the above. The Group from FY 2019/20 also changed its methodology for the allocation of enabling function costs into the divisions. The group has considered the requirements of IFRS 8 with regards to the need to restate prior period segmental results and concluded that the Group is unable to make this restatement because the data is not available and the cost to develop it would be excessive. This is due to the cost base and employee structure of the business under the previous functional model being materially different to the new divisional structure. Therefore, it is not possible to undertake a like-for-like reallocation of costs for new divisions for the comparative period. Although comparatives have not been restated, in the commentaries included in this release, we have provided commentary on the changes in divisional cost base, to enable a year-on-year performance by division. Due to the substantial changes that have occurred in the divisional structure, key reporting metrics for monitoring the divisional performance will be linked, going forward, to gross profit and adjusted controllable profit (before the allocation of enabling function overheads), with the enabling functional cost base being managed as part of the overall business key turnaround objectives. See note 17 for adjusted operating expenses reconciliation.

2020/21 Half Year	Currency	Authentication	Identity Solutions	Unallocated	Total of continuing operations
	£m	£m	£m	£m	£m
Total revenue from contracts with customers	130.6	31.7	17.4	-	179.7
Less: inter-segment revenue	-	-	-	-	-
Revenue from contracts with customers	**130.6**	**31.7**	**17.4**	**-**	**179.7**
Cost of sales	(106.3)	(17.9)	(6.9)	0.7	(130.3)
Gross Profit	**24.3**	**13.8**	**10.5**	**0.7**	**49.4**
Adjusted operating expenses	(21.8)	(9.9)	(1.6)	(0.7)	(34.1)
Adjusted operating profit	**2.5**	**3.9**	**8.9**	**-**	**15.3**
Adjusted items:					
Amortisation of acquired intangibles	-	(0.5)	-	-	(0.5)
Net exceptionals	(8.2)	(0.1)	-	(1.9)	(10.2)
Operating profit/(loss)	**(5.7)**	**3.3**	**8.9**	**(1.9)**	**4.6**
Interest income	-	-	-	0.4	0.4
Interest expense	-	-	-	(3.3)	(3.3)
Net retirement benefit obligation finance expense	-	-	-	0.8	0.8
Net finance expense	**-**	**-**	**-**	**(2.1)**	**(2.1)**
Profit/(loss) before taxation	**(5.7)**	**3.3**	**8.9**	**(4.0)**	**2.5**
Segment assets	207.9	48.1	17.4	75.6	349.0
Segment liabilities	(83.2)	(13.2)	(19.0)	(103.6)	(219.0)
Capital expenditure on property, plant and equipment(1)	5.9	-	0.6	0.7	7.2
Capital expenditure on intangible assets	0.1	1.3	-	-	1.4
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-
Depreciation of property, plant and equipment	6.1	1.0	-	0.7	7.8
Amortisation of intangible assets	0.9	1.1	-	0.3	2.3

(1) Capital expenditure is stated net of receipt of grant income of £1.3m, all allocated to the Authentication segment.
(2) Impairments and accelerated depreciation of £1.2m have been included within exceptional items (see note 4).

Unallocated assets principally comprise of deferred tax assets of £14.8m (HY 2019: £16.3m), cash and cash equivalents of £21.5m (HY 2019: £11.2m) which are used as part of the Group's financing offset arrangements and derivative financial instrument assets of £9.0m (HY 2019: £10.4m) as well as current tax assets, associates and centrally managed property, plant and equipment.

Unallocated liabilities principally comprise overseas retirement benefit obligations of £3.1m (HY 2019: £39.9m), borrowings of £38.6m (HY 2019: £180.9m), current tax liabilities of £11.3m (HY 2019: £11.8m) and derivative financial instrument liabilities of £8.6m (HY 2019: £9.7m) as well as deferred tax liabilities and centrally held accruals and provisions.

2019/20 Half Year	Currency	Authentication*	Identity Solutions*	Unallocated	Total of continuing operations
	£m	**£m**	**£m**	**£m**	**£m**
Total revenue from contracts with customers	155.4	34.9	42.3	-	232.6
Less: inter-segment revenue	(0.3)	-	-	-	(0.3)
Revenue from contracts with customers	**155.1**	**34.9**	**42.3**	**-**	**232.3**
Cost of sales	(136.6)	(19.3)	(25.4)	0.3	(181.0)
Gross Profit	**18.5**	**15.6**	**16.9**	**0.3**	**51.3**
Adjusted operating expenses*	(31.0)	(7.0)	(10.8)	(0.3)	(49.1)
Adjusted operating profit/(loss)*	**(12.5)**	**8.6**	**6.1**	**-**	**2.2**
Adjusted items:					
Amortisation of acquired intangibles	-	(0.4)	-	-	(0.4)
Net exceptionals	0.2	-	-	(11.2)	(11.0)
Operating profit/(loss)	**(12.3)**	**8.2**	**6.1**	**(11.2)**	**(9.2)**
Interest income	-	-	-	0.7	0.7
Interest expense	-	-	-	(2.8)	(2.8)
Net retirement benefit obligation finance expense	-	-	-	(0.8)	(0.8)
Net finance expense	**-**	**-**	**-**	**(2.9)**	**(2.9)**
Profit/(loss) before taxation	(12.3)	8.2	6.1	(14.1)	(12.1)
Segment assets	222.9	46.0	56.6	87.8	413.3
Segment liabilities	(93.9)	(14.8)	(37.4)	(291.5)	(437.6)
Capital expenditure on property, plant and equipment(1)	3.3	1.6	(1.4)	2.2	5.8
Capital expenditure on intangible assets	1.0	1.1	0.9	0.8	3.8
Impairment of property, plant and equipment on intangible assets	0.2	-	-	0.4	0.6
Depreciation of property, plant and equipment	6.0	0.9	1.1	0.9	8.9
Amortisation of intangible assets	-	0.1	0.3	1.3	1.7

(1) Capital expenditure is stated net of receipt of grant income of £3.9m. Allocated between the segments as follows: Currency (£1.5m), Identify Solutions (£1.6m) and, Authentication (£0.8m).

*The above prior year comparatives have been restated to show cost of sales separate from total operating expenses as reported in previous periods, thus allowing presentation of gross profit by segment. The inclusion of this level of information is considered useful to the users of the Annual Report and Accounts and will provide greater insight into the performance of the business. In addition, the Authentication and Identity Solutions results for H1 2019/20 have been restated in line with the adjustment noted in the current year to present the results of one of the Group's subsidiaries solely in the Authentication division consistent with where management of the subsidiary's business now falls. The impact of this has been the transfer of the following amounts from the Identity Solutions results above to Authentication: Revenue of £1.9m, Gross Profit of £1.2m, Adjusted operating profit of £0.9m and IFRS operating profit of £0.3m that would have been presented in the Identity Solutions division previously.

Revenue from contracts with customers:

Timing of revenue recognition across the Group's revenue from contracts with customers is as follows:

HY 2020/21	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Total of Continuing Operations £m**
Timing of revenue recognition:				
Point in time	107.3	31.7	17.4	156.4
Over time	23.3	–	-	23.3
Total revenue from contracts with customers	**130.6**	**31.7**	**17.4**	**179.7**

HY 2019/20	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Total of Continuing Operations £m**
Timing of revenue recognition:				
Point in time	128.4	33.0	40.1	201.5
Over time	26.7	–	4.1	30.8
Total revenue from contracts with customers	**155.1**	**33.0**	**44.2**	**232.3**

FY 2019/20	**Currency £m**	**Authentication £m**	**Identity Solutions £m**	**Total of Continuing Operations £m**
Timing of revenue recognition:				
Point in time	273.6	68.5	65.7	407.8
Over time	41.5	–	17.5	59.0
Total revenue from contracts with customers	**315.1**	**68.5**	**83.2**	**466.8**

Geographic analysis of revenue

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Middle East and Africa	**79.1**	81.9	188.4
Asia	**11.2**	39.0	86.5
UK	**62.5**	64.1	109.8
The Americas	**19.2**	18.1	41.5
Rest of Europe	**0.6**	18.4	24.8
Rest of world	**7.1**	10.7	15.8
	179.7	232.2	466.8

3 Discontinued operations

The Group completed the sale of the entire issued share capital of Cash Processing Solutions Limited and related subsidiaries (together 'CPS') to CPS Topco Limited, a company owned by Privet Capital on 22 May 2016. The loss on discontinued operations in the period of £0.1m relates to the winding down of remaining activity related to CPS (net of associated tax credits). Charges in HY 2019/20 and FY 2019/20 included net costs associated with a loss-making CPS contract that was not novated post disposal. This contract is expected to conclude in FY 2021/22.

4 Exceptional Items

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Site relocation and restructuring	**(9.3)**	(8.2)	(9.3)
Costs associated with the equity raise and bank refinancing	**(3.2)**	-	-
Pension underpin costs	**(0.4)**	(0.5)	(1.1)
Gain on resolution of a historical issue relating to UK defined benefit pension scheme	**-**	-	8.7
Gain on sale of PPE	**2.7**	-	-
Costs associated with disposal of subsidiary	**-**	(2.0)	-
Costs associated with the close out of hedge positions relating to the Venezuela contract	**-**	(1.0)	-
Gain on disposal of subsidiary	**-**	0.7	22.7
Venezuela credit loss provision	**-**	-	(1.0)
Total exceptional items – (charge)/credit	**(10.2)**	(11.0)	20.0
Exceptional items – tax credit/(charge)	**2.4**	1.8	2.5

Site relocation and restructuring costs

Site relocation and restructuring costs in HY 2020/21 included: the recognition of £8.1m of restructuring charges related to cessation of banknote production at our Gateshead facility (primarily being redundancy costs but also including amounts for impairment and accelerated depreciation charges for property, plant and equipment) and a further £1.2m of charges relating to other cost out initiatives including the restructuring of our central enabling functions and the restructuring of the Group into the new divisional structure. Costs in relation to this programme are expected to be incurred until the end of FY 2021/22.

Site relocation and restructuring costs in FY 2019/20 and HY 2019/20 related to the reorganisation during the period of the Group into our new divisional structure and other cost out programmes, primarily being redundancy costs and in addition to consultant and advisor fees.

Costs associated with the equity raise and bank refinancing

During HY 2020/21 certain costs were incurred in relation to the equity raise and bank refinancing projects that, whilst directly associated with these, did not relate to activities which in accordance with IFRS would qualify for recording in equity or capitalisation on the balance sheet as transaction costs in relation to the debt refinancing. These costs included: £0.7m write-off of prepaid arrangement fees on the previously signed RCF which was amended on 7 July 2020 (due to the substantial repayment of the amounts outstanding at that time this has been accounted for as a settlement); costs of £1.5m associated with advisors fees in connection with the new pension deficit funding plan put in place in July 2020 following the equity raise and bank refinancing and other fees totalling £1.0m related to equity raise and bank refinancing which whilst directly related to these projects, did not meet the IFRS criteria for capitalisation on the balance sheet or recording within equity.

Pension underpin costs

Relate to legal fees incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time but they continue to assess this.

Gain on sale of PPE

A £2.7m gain was made in HY 2020/21 on the sale of a non-operational property held by the Group net of sales costs.

Gain on resolution of a historical issue relating to the UK defined benefit pension scheme
In FY 2019/20 a gain of £8.7m has been recorded following the resolution of a historical issue in respect to a change in revaluation rates for certain deferred pension scheme members. This resulted in an equivalent reduction to the liabilities in the pension scheme as at 28 March 2020.

Venezuela Credit loss provision
In FY 2019/20 £1m was recognised relating to the close out of the hedge position taken out in relation to Venezuela receivables for which a credit loss of £18.1m was provided and reported in exceptional items in FY 2018/19. The hedge position was closed out in H1 2019/20 as subsequent to the FY 2018/19 year end sanctions have further tightened against Venezuela.

Costs associated with disposal of subsidiary
In HY 2019/20 costs resulting from the sale of our IDS business to HID Global of £2.0m were incurred comprising advisor fees coupled with salaries for contractors and temporary employees employed to work solely on the sale.

Gain/(Loss) on disposal of subsidiary and associated costs
Following the sale of the Group's International Identify Solutions business on 14 October 2019, the Group has recorded a gain of £25.3m before the deduction of costs associated with the disposal. The gain was calculated based on an estimate for the working capital adjustment which at FY 2019/20 year end remained subject to agreement with HID in accordance with the sales agreement. Subsequent to 26 September 2020 but prior to the issue of this report, the final working capital balance has been agreed. The final payment to be made by the Group is not materially different from the amount including in the original disposal accounting in FY 2019/20 and consequently an immaterial incremental adjustment byway of loss will be recorded in exceptional items in H2 FY 2020/21. Costs associated with the disposal of the subsidiary in FY 2019/20 were £3.3m. In addition during FY 2019/20 a £0.7m gain was made in H1 on the final release of the recompense provision provided for in relation to the sale of the Portals De La Rue business. Delivery against the remaining contracts for which a recompense provision was recognised has now been satisfactorily completed and as such no further risk of the recompense provision being triggered is considered to exist.

5 Taxation

A tax rate of 15.5% (H1 2019/20: 16.4%, FY 2019/20: 15.8%) represents management's best estimate of the effective rate of tax for the year arising on the profit before exceptional items and tax on the amortisation of acquired intangibles giving rise to a tax charge for the period of £2.0m (on a non-IFRS basis). In addition, tax credits of £0.1m in relation to the tax on the amortisation of acquired intangibles and £2.4m on exceptional items recognised in the period as described in Note 4, result in an overall tax credit on continuing operations for the period of £0.5m (on an IFRS basis).

The Group is disputing a number of tax assessments received from the tax authority of countries in which the group operates. The disputed tax assessments are at various stages in the local appeal process, but the Group believes it has a supportable and defendable position (based upon local accounting and legal advice), and is appealing previous judgments and communicating with the tax authority in relation to the disputed tax assessments. The Group's expected outcome of the disputed tax assessments is held within the relevant provisions in the 26 September 2020 Financial Statements.

6 Earnings per share

	2020/21 Half Year pence per share	*Restated 2019/20 Half Year pence per share	*Restated 2019/20 Full Year pence per share
Earnings per share			
Basic earnings per share from continuing operations	**1.0**	(9.8)	30.3
Diluted earnings per share from continuing operations	**1.0**	(9.8)	30.2
Basic earnings per share from discontinued operations	**(0.1)**	(0.6)	(0.3)
Diluted earnings per share from discontinued operations	**(0.1)**	(0.6)	(0.3)
Basic earnings per share – total	**0.9**	(10.4)	30.0
Diluted earnings per share – total	**0.9**	(10.4)	29.9
Adjusted earnings per share			
Basic earnings per share from continuing operations	**6.5**	(1.4)	11.1

*The prior years have been restated following the Rights Issue.

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares. The weighted average number of ordinary shares used in the calculations for earnings per share is 149.6m (H1 2019/20 (restated): 113.5m; FY 2019/20 (restated): 113.7m) for basic earnings per share. The dilutive impact of shares options for H1 2020/21 was 149.8m and for FY 2019/20 (restated) was 113.9m for diluted earnings per share after adjusting for dilutive impact of share options. Due to the loss for H1 2019/20 potential ordinary shares which may be issued to satisfy share option awards have not been included in the calculation of a share number for diluted earnings per share as their inclusion would be anti-dilutive.

The Directors are of the opinion that the publication of the adjusted earnings per share is useful as it gives a better indication of underlying business performance.

Adjusted earnings per share excludes discontinued operations

Reconciliations of the earnings used in the calculations are set out below:

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Earnings for basic earnings per share – Total	**1.4**	(11.8)	34.1
Add: Earnings for basic earnings per share - discontinued operations	**0.1**	0.7	0.3
Earnings for basic earnings per share – continuing operations	**1.5**	(11.1)	34.4
Add: amortisation of acquired intangibles	**0.5**	0.4	0.9
Add: exceptional items (excluding non-controlling interests)	**10.2**	11.0	(20.0)
Less: tax on amortisation of acquired intangibles	**(0.1)**	(0.1)	(0.2)
Less: tax on exceptional items	**(2.4)**	(1.8)	(2.5)
Earnings for adjusted earnings per share	**9.7**	(1.6)	12.6

7 Equity dividends

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Final dividend for the year ended 30 March 2019 of 16.7p paid on 03 August 2019	**-**	17.3	17.3
	-	17.3	17.3

8 Financial Instruments
Carrying amounts versus the fair value

		Total fair value Sep 2020 £m	**Carrying amount Sep 2020 £m**	Total fair value Mar 2020 £m	Carrying amount Mar 2020 £m
Financial assets					
Trade and other receivables[1]	Level 3	**70.1**	**70.1**	61.9	61.9
Contract assets	Level 3	**9.9**	**9.9**	18.3	18.3
Other financial assets[2]	Level 3	**8.2**	**8.2**	7.8	7.8
Cash and cash equivalents	Level 1	**21.5**	**21.5**	14.6	14.6
Derivative financial instruments:					
- Forward exchange contracts designated as cash flow hedges[5]	Level 2	**3.6**	**3.6**	6.7	6.7
- Short duration swap contracts designated as fair value hedges[5]	Level 2	**-**	**-**	1.0	1.0
- Foreign exchange fair value hedges - other economic hedges[5]	Level 2	**1.6**	**1.6**	2.1	2.1
- Embedded derivatives[5]	Level 2	**3.8**	**3.8**	6.8	6.8
Total financial assets		**118.7**	**118.7**	119.2	119.2

Financial liabilities					
Unsecured bank loans and overdraft[3]	Level 2	**(43.1)**	**(43.1)**	(117.4)	(117.4)
Trade and other payables[4]	Level 3	**(128.1)**	**(128.1)**	(130.7)	(130.7)
Derivative financial instruments:					
- Forward exchange contracts designated as cash flow hedges[5]	Level 2	**(3.4)**	**(3.4)**	(6.5)	(6.5)
- Short duration swap contracts designated as fair value hedges[5]	Level 2	**(0.2)**	**(0.2)**	(0.1)	(0.1)
- Foreign exchange fair value hedges - other economic hedges[5]	Level 2	**(4.0)**	**(4.0)**	(9.2)	(9.2)
- Embedded derivatives[5]	Level 2	**(0.9)**	**(0.9)**	(0.1)	(0.1)
- Interest rate swaps[5]	Level 2	**(0.1)**	**(0.1)**	(0.2)	(0.2)
Total financial liabilities		**(179.8)**	**(179.8)**	(264.2)	(264.2)

(1) Excludes prepayments
(2) Excludes ordinary shares of £0.2m which are accounted for as fair value through profit and loss
(3) Excludes unamortised pre-paid loan arrangement fees
(4) Excludes social security amounts
(5) Level 2 valuations

Fair Value measurement for derivative financial instruments

Fair value is calculated based on the future principal and interest cash flows, discontinued at the market rate of interest at the reporting date. The valuation bases are classified according to the degree of estimation required in arriving at the fair values. Level 1 valuations are derived from unadjusted quoted prices for identical assets or liabilities in active markets, level 2 valuations use observable inputs for the assets or liabilities other than quoted prices, while level 3 valuations are not based on observable market data and are subject to management estimates. There has been no movement between levels during the current or prior periods.

9 Analysis of net debt

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Cash at bank and in hand	**21.5**	11.2	14.6
Short term bank deposits	**-**	-	-
Bank overdrafts	**(0.1)**	(4.1)	(0.1)
Cash and cash equivalents	**21.4**	7.1	14.5
Other debt due within one year	**-**	(177.8)	(117.3)
Other debt due after one year	**(43.0)**		
Net debt at end of period	**(21.6)**	(170.7)	(102.8)

Effective 7 July 2020, the Group amended the terms of its Bank facilities of £275m.The relevant amendments, among other things, extend the maturity date of the Revolving Cash Facility ("RCF") to December 2023, reset the interest cover ratio and provide available committed bond and guarantee facilities that do not need to be cash collateralised in most cases. In addition, the majority of the equity capital raise proceeds were used to subsequently repay a substantial part of the RCF shortly after the amendment on 7 July 2020. This was accounted for as a settlement under IFRS 9 and consequently the unamortised balance on the loan arrangement fees on the old RCF of £0.7m was written-off to the income statement and included within exceptional items.

The Group has Bank facilities of £275m including an RCF cash drawdown component of up to £175m and bond and guarantee facilities of a minimum of £100m, which currently are due to mature in December 2023. The Group can convert (in blocks of £25m) up to £50m of the undrawn RCF cash component to the bond and guarantee component if required and can elect to convert this back (again in blocks of £25m) in order to draw in cash if the bond and guarantee component has not been sufficiently utilised.

The drawdowns on the RCF facility are typically rolled over on terms of between one and three months. However, as the Group has the intention and ability to continue to roll forward the drawdowns under the facility, the amount borrowed has been presented as long term at HY 2020/21. This is a different presentation to the position as at 28 March 2020 when the borrowings were presented as current ahead of the completion of the bank refinancing.

As at 26 September 2020, the Group had a total of undrawn committed borrowing facilities, all maturing in more than one year, of £132m (28 September 2019: £97.5m, 28 March 2020: £158m, all maturing in more than one year). The amount of loans drawn on the £175m facility is £43m. Since 26 September 2020 the Group has reallocated £25m of the cash component to the bond and guarantee component.

Net debt above is presented excluding unamortised capitalised transaction costs in relation to the debt refinancing of £4.5m. Net debt also excludes £12.5m of lease liabilities recognised following the adoption of IFRS 16

10 Retirement benefit obligations

The Group has pension plans, devised in accordance with local conditions and practices in the country concerned, covering the majority of employees. The assets of the Group's plans are generally held in separately administered trusts or are insured.

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
UK retirement benefit (liability)/surplus	**(1.3)**	(37.9)	**64.8**
Overseas retirement benefit (liability)	**(1.8)**	(2.0)	**(1.8)**
Retirement benefit (liability)/surplus	**(3.1)**	(39.9)	**63.0**

The majority of the Group's retirement benefit obligations are in the UK:

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Amounts recognised in the consolidated Balance Sheet:			
Fair value of plan assets	**1,104.7**	1,116.8	**1,046.9**
Present value of funded obligations	**(1,101.1)**	(1,149.4)	**(977.6)**
Funded defined benefit pension plans	**3.6**	(32.6)	**69.3**
Present value of unfunded obligations	**(4.9)**	(5.3)	**(4.5)**
Net liability	**(1.3)**	(37.9)	**64.8**
Amounts recognised in the consolidated Income Statement:			
Included in employee benefits expense:			
Administrative expenses	**(1.4)***	(0.6)	(2.2)
Past service credit	**-**	-	8.7**
Included in net finance cost:			
Net retirement benefit obligation finance credit/(charge)	**0.8**	(0.8)	(1.6)
Total recognised in the consolidated Income Statement (credit/charge)	**0.6**	(1.4)	4.9

*includes £0.5m of costs presented within exceptional items as they were in connection with the equity raise and bank refinancing completed in July 2020.

**During FY 2019/20 a past service credit of £8.7m relating to the resolution of a historical issue in respect to a change in revaluation rates for certain UK defined benefit pension deferred scheme members was recorded in the income statement within exceptional items. The Directors continue to assess any residual impact from these changes.

Principal actuarial assumptions:	**2020/21 Half Year UK %**	2019/20 Half Year UK %	2019/20 Full Year UK %
Discount rate	**1.55**	1.85	**2.40**
Inflation rate – RPI	**2.80**	3.00	**2.60**
Inflation rate – CPI	**1.80**	1.90	**1.60**

At 26 September 2020 mortality assumptions were based on tables issued by Club Vita, with future improvements in line with the CMI model, CMI_2019 with a smoothing parameter of 7.5 and a long-term future improvement trend of 1.25 per cent per annum.

On 31 May 2020, the Trustee and the Company agreed the terms for a schedule of contributions and a recovery plan, setting out a programme for clearing the UK Pension Scheme deficit (the "Recovery Plan"). The latest actuarial valuation of the UK Pension Scheme as at 31 December 2019, which was based on intentionally prudent assumptions, revealed a funding shortfall (technical provisions minus the value of the assets) of £142.6m. The Recovery Plan makes an allowance for post-valuation market conditions up to 30 April 2020 (at which point there is an estimated funding shortfall of £190m), including the impact of COVID-19 on financial markets to that date.

The £190m deficit is addressed by payments of £15m per annum (payable quarterly in arrears) under the Recovery Plan payable from 1 April 2020 until 31 March 2023 and then payments of £24.5m per annum (payable quarterly in arrears) from 1 April 2023 until 31 March 2029 (whereas under the recovery plan agreed with the trustee in 2016 ("2015 Recovery Plan"), the payments would have been £22.2 million between 1 April 2020 and 31 March 2021, £23.1 million between 1 April 2021 and 31 March 2022 and £23 million per annum thereafter until 31 March 2028). Additional contingent contributions in exceptional circumstances will become payable by way of an acceleration of the contributions due in later years where: (i) the leverage ratio (consolidated net debt: EBITDA) is equal to or greater than 2.5x in either FY 2021/2 or FY2022/23, up to a maximum of £4m in each financial year and £8m in total and/or (ii) the Company or any its subsidiaries take any action which will cause material detriment (defined in section 38 Pensions Act 2004) to the UK Pension Scheme, of £23.3m (£7.2m in FY 2020/21, £8.1m in FY 2021/22 and £8m in FY 2022/23) over the period up to 31 March 2023.

The funding of the Recovery Plan is to be sourced from cash generation of the future business activities, but the Trustee has contractually agreed not to request any portion of the equity capital raising proceeds. This agreement with the Trustee of the UK Pension Scheme was conditional on an amount in full settlement of the equity capital raising in the gross amount of at least £100m having been received by the Company by no later than 31 July 2020. The equity raising was successfully completed on 7 July 2020.

11 Transactions with non controlling interests

Kenya JV

On 16 April 2019 the Group commenced a commercial partnership with the Government of Kenya on our currency and secure printing site in Nairobi, Kenya. Under the terms of the agreement, the National Treasury of Kenya has taken a 40% stake in De La Rue's wholly owned subsidiary De La Rue Kenya EPZ Limited, for a consideration of £5 million which was received in September 2017 and included within advance payments on the balance sheet as at 31 March 2019.

In the prior period, the Group recognised an increase in non controlling interests of £4.2m and an increase in equity attributable to owners of the parent of £0.8m. The effect on the equity attributable to the owners of De La Rue plc during the prior period on completion of the transaction is summarised as follows:

	Half Year 2020/21 £ m	**Half Year 2019/20 £ m**
Consideration received	-	5.0
Carrying amount of non controlling interests disposed of	-	(4.2)
Excess of consideration received recognised in the transactions with non controlling interests reserve within equity	-	0.8

Ghana JV

On 8 June 2020 the Group and Buck Press Limited ("BPL") established a new Joint Venture company in Ghana for the distribution of printed and personalized excise tax stamps - De La Rue Buck Press Limited, which is owned by De La Rue International Limited (49%) and BPL (51%). This was to enter into a contract with the Ghana Revenue Authority which is expected to run for 5 years.

This contract builds on the Group's long and successful history of supplying security products in Ghana and more widely across Africa.

In applying the definitions of control identified in IFRS 10, it has been determined that the Group controls De La Rue Buck Press Limited due to the fact that it has a majority of the Board membership and is able to use this to control the key business decisions of the JV entity and affect exposure to variable returns. As such the results of the subsidiary are fully consolidated into the Group's financial statements.

A nominal value of share capital was invested in the JV on formation and an immaterial value of trade has occurred for the period to 26 September 2020.

12 Related party transactions

During the year the Group traded on an arm's length basis with the associated company Fidink (33.3% owned). The Group's trading activities with Fidink in the period comprise £10.1m (H1 2019/20: £6.1m) for the purchase of ink and other consumables on an arm's length basis. At the balance sheet date there was £1.6m (H1 2019/20: £3.8m) owing to this company.

The value of the Group's investment in associate is not material and hence not disclosed on the face of the balance sheet.

13 Contingent assets and liabilities

In June 2019 De La Rue International Limited terminated its agency agreement and sales consultancy agreement with Pastoriza SRL, a company which provided agency and sales consultancy services to the Group in the Dominican Republic from 2016 to 2019. Pastoriza SRL disputed the termination and claimed compensation for the termination. De La Rue commenced arbitration proceedings in London. The arbitration tribunal found in favour of De La Rue declaring that the agreements had been correctly terminated and no compensation was due.

In response to De La Rue International Limited terminating the agency agreement and the sales consultancy agreement, Pastoriza SRL commenced a commercial lawsuit in the Dominican Republic for a claimed amount of approximately US$8million (plus monthly interest). De La Rue International Limited filed evidence to the courts in the Dominican Republic. The points disputed by De La Rue International Limited in respect of Pastoriza SRL's claim include whether the courts of the Dominican Republic should have jurisdiction in relation to the claim. A claim hearing took place on 19 October 2020, where Pastoriza SRL made an application for a further extension to file further documents. The Court granted the application and Pastoriza filed its papers on 3 November 2020. De La Rue is currently preparing its response to those documents. A hearing is set for 7 December 2020. The Group does not consider it probable that an economic outflow will occur under this claim and accordingly under IAS 37 no provision has been made in respect of the proceedings in the Dominican Republic.

The Group also provides guarantees and performance bonds which are issued in the ordinary course of business. In the event that a guarantee or performance bond is called, provision may be required subject to the particular circumstances including an assessment of its recoverability.

14 Capital commitments

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Capital expenditure contracted but not provided:			
Property, plant and equipment	**11.3**	22.6	2.3
Other commitments	**461.8**	526.1	492.5
	473.1	548.7	494.8

Other commitments in the table above is an amount in relation to the sale of Portals De La Rue Limited to EPIRIS Fund II on 29 March 2018.

As part of the transaction Portals De La Rue Limited will supply security paper to meet the Group's anticipated internal requirements with pre-agreed volumes and price mechanisms until March 2028. Based on the terms of the agreement the Group had a capital commitment of approximately £626.9m over 10 years from the date of sale. The contract is assessed to be at market rates.

15 De La Rue Financial Calendar: 2020/21

Financial year end 27 March 2021

16 Subsequent events

On 20 November 2020, the High Court issued its latest ruling in relation to the equalisation of pension benefits between men and women relating to Guaranteed Minimum Pensions (or "GMP"). The High Court ruled that statutory cash equivalent transfer values (“CETVs”) paid from defined benefit pension schemes are subject to challenge and a top-up payment may be required if the CETV value insufficiently reflected the value of an equalised GMP benefit accrued between 17 May 1990 and 5 April 1997. As this ruling has occurred after the balance sheet date, and information on historical transfer values will take time to obtain, the impact of this announcement on the De La Rue Pension Scheme is yet to be determined. The Company will work with the Trustees to calculate the impact with a view to reflecting the impact, if material, in our full year results. Any impact on the Income Statement will be included within exceptional items in accordance with the Group’s exceptional items policy consistent with the treatment applied to the previous GMP ruling in FY 2018/19.

17 Non-IFRS Financial measures.

De La Rue plc publishes certain additional information in a non-statutory format in order to provide readers with an increased insight into the underlying performance of the business. These non-statutory measures are prepared on a basis excluding the impact of exceptional items and amortisation of acquired intangibles. Amortisation of acquired intangible assets and exceptional items are excluded as they are not considered to be representative of underlying business performance. The measures the Group uses along with appropriate reconciliations to the equivalent IFRS measures where applicable are shown in the following tables.

The Group’s policy on classification of exceptional items is also set out below:

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group’s underlying business performance. The Directors label these items collectively as ‘exceptional items’. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Directors believe would give rise to exceptional items for separate disclosure would include: gains or losses on the disposal of businesses, curtailments on defined benefit pension arrangements or changes to the pension scheme liability which are considered to be of a permanent nature such as the change in indexation or the GMPs, and non-recurring fees relating to the management of historical scheme issues, restructuring of businesses, asset impairments and costs associated with the acquisition and integration of business combinations.

All exceptional items are included in the appropriate income statement category to which they relate.

Adjusted revenue

Adjusted revenue excludes “pass-through” revenue relating to non-novated contracts following the paper and international identify solutions business sales. The following amounts of “pass through” revenue have been excluded: Paper £4.6m (HY 2019/20: £26.4m; FY 2019/20: £33.5m) and Identify Solutions: £0.4m (HY 2019/20: £nil; FY 2019/20: £6.6m).

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Revenue on an IFRS basis	**179.7**	232.3	466.8
- Exclude pass-through revenue	**(5.0)**	(26.4)	(40.1)
Adjusted revenue	**174.7**	205.9	426.7

Adjusted operating profit

Adjusted operating profit represents earnings from continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets.

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Operating profit from continuing operations on an IFRS basis	**4.6**	(9.2)	42.8
- Amortisation of acquired intangible assets	**0.5**	0.4	0.9
- Exceptional items	**10.2**	11.0	(20.0)
Adjusted operating profit from continuing operations	**15.3**	2.2	23.7

Adjusted basic earnings per share

	2020/21 Half Year £m	2019/20 Half Year £m	2019/20 Full Year £m
Profit attributable to equity shareholders of the Company from continuing operations on an IFRS basis	**1.5**	(11.1)	34.4
- Amortisation of acquired intangible assets	**0.5**	0.4	0.9
- Exceptional items	**10.2**	11.0	(20.0)
- Tax on amortisation of acquired intangibles	**(0.1)**	(0.1)	(0.2)
- Tax on exceptional items	**(2.4)**	(1.8)	(2.5)
Adjusted profit attributable to equity shareholders of the Company from continuing operations	**9.7**	(1.6)	12.6
Weighted average number of ordinary shares for basic earnings*	**149.6**	113.5	113.7

*Prior year share numbers are restated following the Rights issue

	2020/21 Half Year pence per share	*Restated 2019/20 Half Year pence per share	*Restated 2019/20 Full Year pence per share
Basic earnings per ordinary share continuing operations on an IFRS basis	**1.0**	(9.8)	30.3
Adjusted basic per ordinary share for continuing operations	**6.5**	(1.4)	11.1

*Prior year numbers are restated following the Rights issue

Net debt

Net debt is a non-IFRS measure. See note 9 for details of how net debt is calculated.

Adjusted controllable operating profit by division

Adjusted controllable operating profit represents earnings from continuing operations of the on-going divisions adjusted to exclude exceptional items and amortisation of acquired intangible assets and costs relating to the enabling functions such as Finance, IT and Legal that are deemed to be attributable only to the on-going two divisional structure model. Key reporting metrics for monitoring the divisional performance will be linked, going forward, to gross profit and controllable profit (being adjusted operating profit before the allocation of enabling function overheads), with the enabling functional cost base being managed as part of the overall business key turnaround objectives.

The group has considered the requirements of IFRS 8 with regards to the need to restate segmental results and concluded that the Group is unable to make this restatement. This is due to the cost base and employee structure of the business under the previous functional model being materially different to the new divisional structure. Therefore, it is not possible to undertake a like-for-like reallocation of costs for new divisions for the comparative period. Although comparatives have not been restated, in the commentaries included in this release, we have provided commentary on the changes in divisional cost base, to enable a year-on-year performance by division.

2020/21 Half Year	Currency	Authentication	Identity Solutions	Central	Total of continuing operations
	£m	£m	£m	£m	£m
Operating profit/(loss) on IFRS basis	**(5.7)**	**3.3**	**8.9**	**(1.9)**	**4.6**
Amortisation of acquired intangibles	-	0.5	-	-	0.5
Net exceptional items	8.2	0.1	-	1.9	10.2
Adjusted operating profit/(loss)	**2.5**	**3.9**	**8.9**	**-**	**15.3**
Enabling function overheads	11.3	2.8	-	(14.1)	-
Adjusted controllable operating profit/(loss)	**13.8**	**6.7**	**8.9**	**(14.1)**	**15.3**

Adjusted operating expenses reconciliation

Due to the cost base and employee structure of the business under the previous functional model being materially different to the new divisional structure, the table below is presented to show the Group adjusted operating expenses make-up for H1 2019/20 and H1 2020/21.

2020/21 Half Year	Currency	Authentication	Identity Solutions	Central	Total of continuing operations
	£m	£m	£m	£m	£m
Gross Profit	**24.3**	**13.8**	**10.6**	**0.7**	**49.3**
Divisional overhead	(10.5)	(7.1)	(1.7)	(14.8)	(34.0)
Adjusted controllable operating profit/(loss)	**13.8**	**6.7**	**8.9**	**(14.1)**	**15.3**
Enabling function overheads	(11.3)	(2.8)	-	14.1	-
Adjusted operating profit/(loss)	**2.5**	**3.9**	**8.9**	**-**	**15.3**
Amortisation of acquired intangibles	-	(0.5)	-	-	(0.5)
Net exceptional items	(8.2)	(0.1)	-	(1.9)	(10.2)
Operating profit/(loss) on IFRS basis	**(5.7)**	**3.3**	**8.9**	**(1.9)**	**4.6**

2019/20 Half Year	Currency	Authentication	Identity Solutions	Central	Total of continuing operations
	£m	£m	£m	£m	£m
Gross Profit	**18.5**	**15.6**	**16.9**	**0.3**	**51.3**
Divisional overhead	-	-	-	-	-
Adjusted controllable operating profit/(loss)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Central overhead base	(31.0)	(7.0)	(10.8)	(0.3)	(49.1)
Adjusted operating profit/(loss)	**(12.5)**	**8.6**	**6.1**	**-**	**2.2**
Amortisation of acquired intangibles	-	(0.4)	-	-	(0.4)
Net exceptional items	0.2	-	-	(11.2)	(11.2)
Operating profit/(loss) on IFRS basis	**(12.3)**	**8.2**	**6.1**	**(11.2)**	**9.2**