6 August 2024

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR)

Travis Perkins plc - half year results for the six months ended 30 June 2024

Good progress on business improvement actions amidst persistently challenging market conditions

Maintaining market position in a challenging trading environment

- Continuation of trends from H2 2023 with weak demand across the Group's end markets and commodity price deflation leading to revenue (4.4)% lower than prior year
- Lower volumes and the impact of price deflation on Merchanting gross margin resulted in adjusted operating profit of £75m (2023: £112m)
- Maintained market share and pricing discipline in Merchanting as focus remains on meeting customers' needs in tough trading conditions
- Continued market share gains in Toolstation UK with operating margin up 130bps
- Adjusting items of £32m recognised in the first half (of which £10m is cash) resulted in statutory operating profit of £38m (2023: £107m)
- Full year adjusted operating profit expected to be around £150m inclusive of £(16)m of losses related to Toolstation France
- Interim dividend of 5.5 pence per share (2023: 12.5 pence per share)

Good progress on business improvement actions

- *A simpler, more efficient business*: restructuring actions and tighter controls have reduced overheads by £19m versus prior year with cost inflation absorbed. The Group is leveraging scale to deliver future savings in distribution and procurement.
- *Addressing loss-making activities*: on track to exit Toolstation France by the end of the year; strategic review of Toolstation Benelux complete with actions in place to deliver break-even performance in 2025
- *Technology enablement*: Oracle Finance ERP system went live 1 July 2024
- *Enhanced cash generation*: greater financial and operational discipline, including lower capital expenditure, resulted in a cash inflow in H1 of £82m and a reduction of £81m in net debt before leases. Working capital inflow of £54m driven largely by stock reduction; targeting further reduction in H2

New leadership to continue to drive the transformation of the Group's operating model

- New CEO Pete Redfern and new Chair designate Geoff Drabble to join the Group in September and October respectively. Both will bring extensive construction sector experience and listed company expertise.

£m *(unless otherwise stated)*	*Note*	**H1 2024**	H1 2023	*Change*
Revenue	*2*	**2,362**	2,472	*(4.4)%*
Adjusted operating profit[1]	*18a*	**75**	112	*(33.0)%*
Adjusted earnings per share[1]	*10b*	**15.9p**	30.5p	*(47.9)%*
Return on capital employed[1]	*18e*	**5.0%**	8.6%	*(3.6)ppt*
Net debt / adjusted EBITDA[1]	*18c*	**2.7x**	2.1x	(0.6)x
Ordinary dividend per share	*11*	**5.5p**	12.5p	*(56.0)%*
Operating profit		**38**	107	*(64.5)%*
Profit after tax		**5**	60	*(91.7)%*
Basic earnings per share	*10a*	**2.2p**	28.6p	*(92.3)%*

(1) Alternative performance measures are used to describe the Group's performance. Details of calculations can be found in the notes listed.

Nick Roberts, Chief Executive Officer, commented:

"Trading conditions have remained challenging through the first half of the year and we have continued to prioritise delivering for our customers whilst also recognising that a persistently lower volume environment means that we have to deliver a simpler, more efficient business. Whilst market conditions have impacted on our trading margin, we have made good progress on managing our overhead base and generating cash.

With a new government quickly setting out its plans to reform planning to deliver more housing and infrastructure, and the expectation of an easing in macroeconomic conditions, the Group is focused on ensuring that it is well placed to maximise the benefits from both a future recovery in demand and the long term requirement for the UK to expand and decarbonise its housing stock."

Analyst Presentation

Management are hosting a results presentation at 8.30am. For details of the event please contact the Travis Perkins Investor Relations team as below. The presentation will also be available via a listen-only webcast - please register at the following link:

https://travis-perkins-2024-half-year-results.open-exchange.net/

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Summary

The trading environment has remained challenging for the Group as the key trends from the second half of 2023 - ongoing macroeconomic and political uncertainty, weak end market demand and deflation on certain key commodity products - continued through the first half of 2024. This was reflected in the Group's revenue and earnings performance during the period and management's primary focus has been on driving efficiencies through the transformation of the Group's operating model. Alongside disciplined capital allocation, this will support progressive recovery of profitability and reduction of leverage.

H1 2024 Performance

The Group delivered revenue of £2,362m, down (4.4)% versus prior year. The decline in revenue was driven by the Merchanting segment which experienced a combination of activity across the construction sector remaining subdued and significant price deflation, predominantly on commodity products. Toolstation delivered a solid revenue performance, reflecting further market share gains as maturity benefits continue to come through.

Adjusted operating profit of £75m was £(37)m, or (33.0)%, lower than the first half of 2023. The following key factors impacted on operating profit during the first half of the year:

- £(50)m decline in gross margin of which £(30)m was driven by lower sales volumes and £(20)m was attributable to lower Merchanting gross margins, the latter resulting from a combination of commodity price deflation and competitive pressures
- Around £(19)m of overhead inflation, predominantly on payroll and property costs
- Restructuring actions delivered a benefit of £18m in the first half primarily through a reduction in central and regional overhead
- £16m reduction in discretionary spend driven mainly by tighter controls
- Toolstation Europe losses reduced by £4m
- Property profits were £(6)m lower than prior year.

New leadership will continue to drive the transformation of the Group's operating model

The Group recently announced that Pete Redfern has been appointed as Chief Executive Officer with effect from 16 September 2024 and that Geoff Drabble is appointed as a Non-Executive Director with effect from 1 October 2024. Geoff has also been appointed Chair (designate) from the same date and will take up the position of Chair as soon as his capacity allows.

Pete brings over two decades of leadership, operational and finance experience in the construction sector, including 14 years as Group Chief Executive of Taylor Wimpey plc. During his time at Taylor Wimpey, Pete oversaw the transformation of the company into one of the largest housebuilders in the UK, and its elevation to the FTSE 100, restructuring the Group after its merger, building a strong financial position after the global financial crisis, refocusing the company on its UK operations and delivering a strategy that created significant shareholder value through a focus on organic growth. Alongside his sector experience, Pete also benefits from a deep understanding of Travis Perkins Group, having served on the Board as a Non-Executive Director for nine years to September 2023

Geoff brings unrivalled experience in publicly listed businesses across the building materials distribution, equipment hire and tools markets in which the Travis Perkins Group operates, gained from both executive and non-executive roles.

Geoff is Chair of Ferguson plc, the building materials distribution business listed on the New York and London Stock Exchanges, which primarily operates in North America. He is also currently Chair of DS Smith Plc, the international packaging company. He was a Non-Executive Director of Howden Joinery Group plc, the UK's leading specialist kitchen supplier, from 2015 to 2023, serving latterly as its Senior Independent Director.

In his executive career, Geoff was Group Chief Executive of Ashtead Group plc, the FTSE 100 listed international equipment hire company, from 2006 to 2019 and previously held senior executive positions in Laird Group plc and Black and Decker Corp.

Good progress on business improvement actions

Recognising the significant impact of the macroeconomic environment on the Group's profitability, management commenced a series of actions which will transform the business for the future.

The first phase of this review, completed in the fourth quarter of 2023, delivered annualised cost savings of around £35m for 2024, primarily from a reduction in central and regional headcount.

In February 2024, 39 standalone Benchmarx branches closed as part of a review of the strategy of the business. The focus is now on growing the Benchmarx network through integrated solutions in new General Merchant branches, which provide a lower cost model with a more convenient customer journey, whilst optimising the profitability of the remaining standalone branches.

Work to deliver further structural efficiencies will continue over the medium term, focused on the following areas:

- *Supply chain consolidation* - reviewing and optimising the Group's supply chain to deliver greater economies of scale and efficiencies
- *Technology enablement* - driving benefits from new technology, starting with the implementation of the new Oracle Finance system
- *Shared procurement capability* - consolidating separate procurement functions across businesses to leverage the buying capability of the Group's combined scale
- *Simplifying Group structures* - streamlining the interactions between businesses to enhance the customer experience

In the first half of the year, good progress was made in a number of areas as set out below:

Supply chain consolidation

- In order to drive long-term efficiencies from the investment in the new Toolstation Pineham distribution centre, the Toolstation Bridgwater distribution centre was closed and the Toolstation Daventry distribution centre is in the process of closing down, which is expected to be completed by September 2024
- Reflecting the actions taken to streamline the Benchmarx network, Benchmarx kitchen cabinets are now being solely assembled at the Group's Primary Distribution Hub in Northampton and the Benchmarx assembly facility in South Molton, Devon has been closed
- The Group's timber supply chain has been consolidated with the closure of the Kings Lynn and Tilbury timber supply centres
- A review is underway to explore the opportunity of lightside range harmonisation across the Group's businesses

Technology enablement

On 1 July 2024, the Group successfully implemented a new cloud-based Oracle Financial ERP system. The project was delivered by a dedicated cross-functional team and represents a significant step for the Group in terms of modernising its technology. Oracle will strengthen financial controls, enable new standardised processes and enhance stock visibility and reporting, which will deliver longer term benefits for the Group. As a result of the system being cloud-based, the Group will also benefit from being part of Oracle's upgrade roadmap in the future.

Shared procurement capability

During the first half, the Group's commercial function has been restructured with teams now aligned by product category, rather than working specifically for a business unit. This has eliminated duplication, lowered costs and created the opportunity for the Group to generate synergies through building category expertise alongside harmonising ranges and trading terms. The changes also create a central digital and marketing capability which will deliver scale benefits and enable the development of a Group-wide customer proposition.

Simplifying Group structures

The Group continues to review its operating model and organisational structures to deliver a sustainably more efficient business with the first stage being the consolidation of the management teams of CCF and Keyline. This review is now benefiting from the recent arrival of a new Chief HR Officer and will be a key focus for the new management team over the next twelve months, following the arrival of the new Chief Executive.

Capital structure and shareholder returns

Despite a continuation of challenging market conditions, the Group has made good progress on actions to strengthen the balance sheet in the first half, with overall net debt reducing by £54m and net debt before leases reducing by £81m. However, the decline in operating profit has seen net debt / adjusted EBITDA rising slightly from year end to 2.7x. Management remain focused on the following medium-term capital allocation priorities:

- Returning leverage to the target range that the Group set out in its Capital Markets Update in 2021 of 1.5 - 2.0x as soon as possible in order to restore an investment grade credit rating
- A disciplined approach to capital allocation, focused on maintaining asset quality and sources of competitive advantage
- Improving working capital management and an ongoing review of loss-making activities
- An attractive and sustainable dividend

Accordingly, the Board is pleased to declare an interim dividend of 5.5 pence per share which reflects the Group's policy to pay a dividend of 30-40% of adjusted earnings, the revised guidance on adjusted operating profits and the expected benefit of closing Toolstation France.

Outlook

The Group welcomes the decisive actions being taken by the new government to encourage more house building and infrastructure improvements which will promote better trading conditions for businesses operating in the construction sector. These changes, coupled with a reduction in interest rates which is now underway, will lead to an improved financial performance in 2025.

However, these factors will take time to take effect and therefore the Group remains focused on business improvement actions to drive efficiencies and enhance cash generation, ensuring that the benefits from a recovery are fully maximised. Given this backdrop, the Group is expecting a similar level of demand in the second half of the year and accordingly expects FY24 adjusted operating profit will be around £150m, inclusive of £5-10m of property profits and around £(16)m of losses in Toolstation France.

The Board remains confident in the long-term fundamentals of the Group and the end markets in which it operates. Guided by the recent experienced leadership appointments to the Board, the Group is clearly focused on creating value for shareholders over the medium term.

Technical guidance

The Group's technical guidance for 2024 is as follows:

- Expected ETR of around 29% on UK generated profits
- Base capital expenditure of around £80m
- Property profits of between £5m and £10m

Adjusting items

There were £32m of adjusting items in the period (2023: nil) as set out below:

	£m
Supply chain consolidation	15.0
Group restructuring / procurement centralisation	8.9
Benchmarx closures	5.7
Toolstation France exit	2.6
Total	**32.2**

The supply chain consolidation charge relates to the closure of a number of distribution centres in Toolstation, Benchmarx and the Group timber supply chain. The costs relate primarily to stock write-downs.

The restructuring charges relate to actions taken to reduce central and regional headcount and to centralise the procurement function.

The charge associated with Benchmarx reflects the costs, which were primarily related to redundancy, of closing 39 standalone branches in February.

The Toolstation France charge reflects adjustments to stock provisions and lease liabilities made as a result of the decision to exit the business, as well as legal costs.

Segmental performance

Merchanting

	H1 2024	H1 2023	*Change*
Revenue	**£1,942m**	£2,062m	*(5.8)%*
Adjusted operating profit	**£91m**	£130m	*(30.0)%*
Adjusted operating margin	**4.7%**	6.3%	*(160)bps*
ROCE (12 month rolling)	**8%**	12%	*(4)ppt*
Branch network*	**725**	769	*(44)*

** 2023 branch network figures for comparison are taken at 31 December 2023*
Note - all figures above exclude property profits

The Merchanting segment continued to experience challenging market conditions with revenue down by (5.8)% and adjusted operating profit reduced by (30.0)% to £91m, reflecting the pressure on gross margins from commodity price deflation and a highly competitive market environment driven by a sustained reduction in trading volumes. Adjusted operating margin reduced by (160)bps as a result of those lower gross margins. Actions taken on overheads reduced the Merchanting cost base broadly in line with revenue.

In a market where demand is well below the long-run average, the Merchant businesses remain fully focused on maintaining market share by responding to customers' needs in a challenging trading environment. With respect to value-added services, the Group continued to deliver good sales growth in Hire (+3%) and Managed Services (+9%).

A (3.6)% reduction in pricing was the primary driver of revenue decline, being a combination of commodity price deflation (mainly timber) and more competitive market pricing. Volumes were down (3.1)% with around (0.6)% of the decline attributed to branch closures. One extra trading day in the first half provided a benefit of around 0.9%.

Whilst conditions are set for a pickup in new housebuilding activity, the domestic RMI market continues to remain weak. The certainty provided from an earlier than anticipated general election was welcome but resulted in near-term delays to public sector activity which is reflected in the first half volume performance.

47 Merchanting branches were closed in the first half of the year, 39 of which were Benchmarx standalone branches, with 8 smaller General Merchant branches also closed. The Benchmarx decision was focused on optimising the Benchmarx branch network, with the focus on an integrated offer within destination General Merchant branches. In the case of the General Merchant branches, these sites were deemed to be poorly located or requiring significant investment and where trade could be transferred to an alternative nearby branch.

Whilst recognising the need to adjust the cost base to reflect market volumes, the Merchanting management teams are highly cognisant of the need to ensure that the Merchant businesses remain strongly positioned to benefit from a market recovery. The ability to operate a national network of high quality assets maintains a source of competitive advantage for the Group and, to that end, three new branches were added in the period, two General Merchant branches in Leeds and Derby and a new CCF branch in Norwich.

Over the last three years the Group has focused on exiting smaller, uneconomic branches whilst adding new capacity in target catchments through larger, more capable destination branches with integrated services such as Hire and Benchmarx kitchens. The result of this network strategy is that the Merchant segment has broadly similar operating capacity to 2021, leaving the Merchant businesses well-placed to benefit from a recovery in demand whilst offering a more efficient customer experience.

Toolstation

	H1 2024	H1 2023	*Change*
Revenue	**£420m**	£410m	*2.4%*
Like-for-like growth	**0.7%**	5.9%	
Adjusted operating profit - UK	**£14m**	£9m	*55.6%*
Adjusted operating profit - Europe	**£(15)m**	£(19)m	*21.1%*
Adjusted operating profit - Total	**£(1)m**	**£(10)m**	*90.0%*
Adjusted operating margin	**(0.3)%**	(2.4)%	*210bps*
ROCE (12-month rolling)	**(1)%**	(2)%	*1ppt*
Branch network (UK)*	**578**	570	*8*
Branch network (Europe)*	**164**	170	*(6)*

** 2023 branch network figures for comparison are taken at 31 December 2023*
Note - all figures above exclude property profits

UK

Toolstation UK delivered a solid first half performance with further market share gains in a challenging market environment. UK sales were up 1.7% which was driven by pricing with volumes broadly flat. Network expansion continues at a modest pace with 8 new branches in the first half and around 20 expected for the full year.

UK Adjusted operating profit grew by 55.6% to £14m, with operating margin expanding by 130bps to 3.9% driven by improvements in margin management and the benefits of supply chain consolidation.

France

Toolstation France saw adjusted losses of £(8)m in the first half which was slightly ahead of management expectations. The Group continues to work towards an exit of the business, with this expected to be completed by the end of 2024. Further exit costs, resulting in £20-25m of cash outflows, are expected to be incurred across H2 2024 and 2025, principally relating to redundancy and branch closure costs.

Benelux

Toolstation Benelux generated losses of £(7)m in the first half, with trading conditions remaining challenging.

Management has conducted a full strategic review of the Toolstation Benelux business as a result of increasing trading losses. The review re-affirmed the long-term potential of the business and its shorter maturity curve relative to France. However, it also identified a need to take near-term actions to reflect challenging market conditions and accelerate the path to profitability. Those actions are set out below:

- Closure of branches deemed unlikely to achieve desired returns with 8 branches closed in the first half.
- Reduction in non-branch headcount of around 15%
- Purchasing synergies from membership of a Dutch buying group

It is anticipated that implementation of these actions will result in the Toolstation Benelux business delivering a break-even operating profit performance in 2025, and through maturity benefits thereafter, will grow its contribution to the Group's earnings.

Building for the future

The Group continues to make good progress towards developing a more sustainable business. Key highlights from the first half of the year are set out below:

Modernising Construction

The Group is working hard to collect product-level carbon data to both support its customers and improve management of Scope 3 carbon. 32% of Group products sold are now covered by high or good quality emission factors (EPDs or ICE factors) applied at a product level, compared to 11% at the end of 2023. All other sales are covered by good quality emissions factors at a product sub-category level using Ecoinvent.

Work continues to increase the use of product-level emissions factors with CCF currently trialling a product-carbon reporting tool with their customers. The Group's renewables range has been expanded to offer a full basket of renewables and retrofit products.

Operating Sustainably

The Group is making good progress towards its Scope 1 and 2 carbon targets. Having already achieved a 33% absolute reduction between 2020 and 2023, the Group is on track for further 6% reduction in 2024 driven by the programme to replace diesel forklifts with electric and the continued rollout of LED's across the Group's branch network.

Sourcing Responsibly

The Group is on track to meet its target for 90% of Group spend on products for resale to be covered by our supplier assessment programme

Developing the next generation

The Group continues to make progress towards its target of 10,000 graduated apprentices by 2030 with the Travis Perkins Group ranked 38th in the Top 100 Apprenticeship Employers in England for 2024. This award recognises outstanding apprenticeship employers for their commitment to creating new apprenticeships, promoting diversity among their apprentices and supporting a high number of successful completions.

Financial Performance

Revenue analysis

The Merchant businesses saw a continuation of trends from the second half of 2023, with ongoing price deflation, driven by timber pricing and a more competitive trading environment, and weak market volumes.

The strength of the Toolstation offer was underlined by further market share gains and robust pricing pass-through in a difficult market.

Volume, price and mix analysis

	Merchanting	Toolstation	Group
Price and mix	(3.6)%	2.1%	**(2.6)%**
Like-for-like volume	(2.5)%	(1.4)%	**(2.4)%**
Like-for-like revenue growth / (decline)	**(6.1)%**	**0.7%**	**(5.0)%**
Network changes and acquisitions / disposals	(0.6)%	1.2%	**(0.2)%**
Trading days	0.9%	0.5%	**0.8%**
Total revenue growth / (decline)	**(5.8)%**	**2.4%**	**(4.4)%**

Quarterly revenue analysis

		Total revenue		Like-for-like revenue	
		2024	**2023**	**2024**	**2023**
Merchanting	Q1	(6.0)%	(3.2)%	(4.2)%	(4.2)%
	Q2	(5.7)%	(5.6)%	(7.9)%	(5.2)%
	H1	**(5.8)%**	**(4.5)%**	**(6.1)%**	**(4.8)%**
Toolstation	Q1	1.2%	8.6%	(0.9)%	4.6%
	Q2	3.4%	9.7%	2.2%	7.2%
	H1	**2.4%**	**9.0%**	**0.7%**	**5.9%**
Total Group	Q1	(4.9)%	(1.5)%	(3.7)%	(2.9)%
	Q2	(4.2)%	(3.3)%	(6.1)%	(3.3)%
	H1	**(4.4)%**	**(2.5)%**	**(5.0)%**	**(3.2)%**

Operating profit reconciliation

£m	H1 2024	H1 2023	Change
Merchanting	91	130	*(30.0)%*
Toolstation	(1)	(10)	*90.0%*
Property	3	9	*(66.7)%*
Unallocated costs	(18)	(17)	*(5.9)%*
Adjusted operating profit	**75**	**112**	***(33.0)%***
Amortisation of acquired intangible assets	*(5)*	*(5)*	
Adjusting items	*(32)*	-	
Operating profit	**38**	**107**	

Property

The Group generated property profits of £3m in the first half of the year, with £18m of cash proceeds.

Finance charge

Net finance charges were broadly in line with prior year at £22m (see note 6 for details).

Taxation

The tax charge before adjusting items was £20m (2023: £27m) giving an adjusted effective tax rate (adjusted 'ETR') of 36.6% (standard rate: 25.0%, 2023 actual: 29.8%). The adjusted ETR rate is substantially higher than the standard rate due to the effect of expenses not deductible for tax purposes, the largest item being unutilised overseas losses. The statutory tax charge for the period to 30 June 2024 was £11m (2023: £26m) giving an effective tax rate of 69.8% (2023: 45.6%).

Earnings per share

The Group reported a total profit after tax of £5m (2023: £60m), resulting in basic earnings per share of 2.2 pence (2023: 28.6 pence). Diluted earnings per share were 2.2 pence (2023: 28.2 pence).

Adjusted profit after tax was £34m (2023: £64m), resulting in adjusted earnings per share of 15.9 pence (2023: 30.5 pence). Diluted adjusted earnings per share were 15.7 pence (2023: 30.0 pence).

Cash flow and balance sheet

Free cash flow

£m	**H1 2024**	H1 2023	Change
Group adjusted operating profit excluding property profits	**72**	**103**	**(31)**
Depreciation of PPE and other non-cash movements	50	46	4
Change in working capital	54	8	46
Net interest paid (excluding lease interest)	(14)	(10)	(4)
Interest on lease liabilities	(16)	(13)	(3)
Tax paid	(21)	(29)	8
Adjusted operating cash flow	**125**	**105**	**20**
Capital investments			
Capex excluding freehold transactions	(29)	(49)	20
Proceeds from disposals excluding freehold transactions	-	2	(2)
Free cash flow before freehold transactions	**96**	**58**	**38**

The Group delivered free cash flow conversion of 204% in the year (2023: 105%). Working capital decreased notably year on year driven by actions to reduce stock holding. The movements in trade debtors and trade payables broadly offset.

Capital investment

£m	**H1 2024**	**H1 2023**
Strategic	10	29
Maintenance	15	19
IT	4	1
Base capital expenditure	**29**	**49**
Freehold property	10	7
Gross capital expenditure	**39**	**56**
Disposals	(18)	(35)
Net capital expenditure	**21**	**21**

The Group remains on track to deliver a reduced level of base capital expenditure in 2024 with around £80m expected for the full year.

Strategic capex was notably reduced, reflecting both the Group's objective of improving free cashflow and the high levels of spend in prior year, mainly focused on the delivery of the Toolstation UK distribution centre at Pineham. Spend in the first half included three new Merchant branches and a modest increase in the Toolstation network alongside the new Staircraft mouldings manufacturing facility in Coventry. Maintenance capex was focused on the maintenance of the fleet and the Hire asset base. The majority of software and digital development is expensed directly through the profit and loss account.

Uses of free cash flow

£m	H1 2024	H1 2023	Change
Free cash flow	**96**	**58**	**38**
Investments in freehold property	(10)	(7)	(3)
Disposal proceeds from freehold transactions	18	33	(15)
Dividends paid	(12)	(56)	44
Cash payments on adjusting items	(13)	(2)	(11)
Other	3	4	(1)
Change in cash / cash equivalents	**82**	**30**	**52**

Cash and cash equivalents increased by £82m in the year, driven by working capital improvements and disciplined capital allocation.

Net debt and funding

	30 Jun 2024	31 Dec 2023	Change	Covenant
Net debt	**£868m**	£922m	£54m	
Net debt / adjusted EBITDA	**2.7x**	2.6x	(0.1)x	<4.0x
Net debt before leases	**£233m**	£314m	£81m	
Net debt before leases / adjusted EBITDA	**0.7x**	0.8x	0.1x	

Note - All covenant metrics measured post IFRS16. Leverage metrics are calculated on a 12-month rolling basis.

Overall net debt reduced by £54m from year-end, with net debt before leases reducing by £81m, driven by disciplined cash and capital expenditure management. Lease commitments increased by £27m principally due to a £25m investment in the replacement of inefficient diesel forklifts by new electric models. So far, over 700 diesel forklifts have been replaced as an important part of the Group's carbon reduction strategy.

Leverage increased slightly compared to year-end due to a (9)% reduction in 12-month rolling EBITDA (see note 18(c)).

Funding

As at 30 June 2024, the Group's committed funding of £800m comprised:

- £250m guaranteed notes due February 2026, listed on the London Stock Exchange
- £75m bilateral bank loan due August 2027
- A revolving credit facility of £375m, refinanced in November 2023 and maturing in November 2028
- £100m of US private placement notes, maturing in equal tranches in August 2029, August 2030 and August 2031

As at 30 June 2024, the Group had undrawn committed facilities of £375m (31 December 2023: £375m) and deposited cash of £171m (31 December 2023: £102m), giving overall liquidity headroom of £561m (31 December 2023: £492m).

Principal risks and uncertainties

At a global level significant economic and geopolitical uncertainty continues to present challenges to the Group's operating environment and impacts its risk landscape. Whilst the decisive result of the UK General Election has delivered some positive policy outcomes to drive planning reform and boost housebuilding and infrastructure project output, the potential impact of these global trends remains highly uncertain and this is expected to continue throughout the remainder of 2024. The Group continues to actively manage the challenges presented by macroeconomic volatility, however we have maintained our view that the risk trend is increasing.

In their latest review of the principal risks and uncertainties facing the Group, the Directors have considered internal and external factors that are currently influencing the risk set and the extent to which these factors change their assessment of the scale of the risk and the expected risk trend for the remainder of the financial year. The key risks facing the Group and the underlying drivers of these risks remain broadly consistent with those described on pages 74 to 85 of the 2023 Annual Report & Accounts. Details are provided for inherent risks relating to long-term market trends, macroeconomic volatility, managing change, climate change & carbon reduction, cyber threat & data security, supply chain resilience, health, safety & wellbeing, legal compliance and critical asset failure.

The second half of 2024 brings significant change for the Group, including the appointment of a new CEO and Chair and the adaptations required to use a new ERP system. Managing this change effectively will be important to ensure that the Group can continue to deliver on its strategic priorities. Accordingly, the trend for this principal risk area has been updated to "increasing".

There are no emerging risks considered significant enough to report at this time.

Condensed consolidated income statement

£m	Notes	**Six months ended 30 June 2024 (unaudited)**	**Six months ended 30 June 2023 (unaudited)**	Year ended 31 December 2023 (audited)
Revenue	2	**2,361.7**	2,472.1	4,861.9
Gross profit		**629.1**	679.4	1,305.1
Charge for impairment losses for trade receivables		**(6.7)**	(11.8)	(16.8)
Selling and distribution		**(391.9)**	(407.8)	(835.0)
Administrative expenses – other		**(159.9)**	(163.1)	(297.1)
Profit on disposal of properties	18(d)	**2.7**	9.3	15.1
Other operating income		**1.8**	6.1	9.1
Adjusted operating profit	17(a)	**75.1**	112.1	180.4
Amortisation of acquired intangible assets		**(5.2)**	(5.2)	(10.5)
Adjusting items	3	**(32.2)**	–	(60.0)
Operating profit		**37.7**	106.9	109.9
Net finance costs	6	**(22.1)**	(21.2)	(39.9)
Profit before tax		**15.6**	85.7	70.0
Tax	7	**(10.9)**	(25.5)	(31.9)
Profit for the period		**4.7**	60.2	38.1
Earnings per share				
Adjusted basic earnings per share	10(b)	**15.9p**	30.5p	45.7p
Adjusted diluted earnings per share	10(b)	**15.7p**	30.0p	45.0p
Basic earnings per share	10(a)	**2.2p**	28.6p	18.1p
Diluted earnings per share	10(a)	**2.2p**	28.2p	17.8p
Total dividend declared per share	11	**5.5p**	12.5p	18.0p

Condensed consolidated statement of comprehensive income

£m	**Six months ended 30 June 2024 (unaudited)**	Six months ended 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)
Profit for the period	**4.7**	60.2	38.1
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gains/(losses) on defined benefit pension schemes (note 8)	**8.5**	(5.4)	(41.0)
Income taxes relating to other comprehensive income	**(2.6)**	1.4	10.2
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange differences on retranslation of foreign operations	**(3.5)**	(2.5)	(1.2)
Fair value gains on cash flow hedges	**1.1**	3.2	(1.4)
Deferred tax on cash flow hedges	**(0.3)**	(0.8)	0.4
Other comprehensive gain/(loss) for the period net of tax	**3.2**	(4.1)	(33.0)
Total comprehensive income for the period	**7.9**	56.1	5.1

All other comprehensive income is attributable to the owners of the Company.

Condensed consolidated balance sheet

£m	**As at 30 June 2024 (unaudited)**	As at 30 June 2023 (unaudited)	As at 31 December 2023 (audited)
ASSETS			
Non-current assets			
Goodwill	**846.7**	856.8	847.9
Other intangible assets	**93.3**	109.5	99.9
Property, plant and equipment	**835.6**	831.1	848.4
Right-of-use assets	**556.0**	540.2	530.4
Other receivables	**15.8**	18.5	14.2
Deferred tax asset	**17.2**	16.9	18.0
Derivative financial instruments (note 15)	**4.2**	7.5	2.9
Retirement benefit asset (note 8)	**111.9**	132.9	100.6
Total non-current assets	**2,480.7**	2,513.4	2,462.3
Current assets			
Inventories	**669.7**	733.4	727.6
Trade and other receivables	**746.1**	816.6	689.6
Tax assets	**19.5**	2.8	14.5
Cash and cash equivalents	**213.6**	334.5	131.5
Total current assets	**1,648.9**	1,887.3	1,563.2
Total assets	**4,129.6**	4,400.7	4,025.5
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**23.8**	23.8	23.8
Share premium account	**545.6**	545.6	545.6
Cash flow hedge reserve	**4.0**	7.5	2.9
Merger reserve	**326.5**	326.5	326.5
Revaluation reserve	**10.2**	11.0	10.8
Other reserves	**1.4**	1.4	1.4
Own shares	**(7.9)**	(16.5)	(14.1)
Foreign exchange reserve	**4.9**	7.1	8.4
Retained earnings	**1,133.2**	1,202.7	1,135.0
Total equity	**2,041.7**	2,109.1	2,040.3
Non-current liabilities			
Interest-bearing loans and borrowings	**446.6**	346.7	445.1
Lease liabilities	**540.2**	520.0	518.8
Deferred tax liabilities	**89.8**	95.4	92.8
Long-term provisions	**10.5**	5.2	3.8
Total non-current liabilities	**1,087.1**	967.3	1,060.5
Current liabilities			
Interest-bearing loans and borrowings	–	261.6	–
Lease liabilities	**94.9**	80.3	89.6
Derivative financial instruments (note 14)	–	0.6	0.4
Trade and other payables	**874.5**	956.5	795.4
Short-term provisions	**31.4**	25.3	39.3
Total current liabilities	**1,000.8**	1,324.3	924.7
Total liabilities	**2,087.9**	2,291.6	1,985.2
Total equity and liabilities	**4,129.6**	4,400.7	4,025.5

The interim condensed financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 5 August 2024 and signed on its behalf by:

Nick Roberts
Chief Executive Officer

Duncan Cooper
Chief Financial Officer

Condensed consolidated statement of changes in equity

£m	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Revaluation reserve	Capital redemption reserve	Own shares	Foreign exchange	Retained earnings	**Total equity**
At 1 January 2024 (audited)	23.8	545.6	2.9	326.5	10.8	1.4	(14.1)	8.4	1,135.0	**2,040.3**
Profit for the period	–	–	–	–	–	–	–	–	4.7	**4.7**
Other comprehensive income for the period	–	–	1.1	–	–	–	–	(3.5)	5.6	**3.2**
Total comprehensive income for the period	–	–	1.1	–	–	–	–	(3.5)	10.3	**7.9**
Dividends paid	–	–	–	–	–	–	–	–	(11.6)	**(11.6)**
Own shares movement	–	–	–	–	–	–	6.1	–	(6.1)	–
Sale of own shares	–	–	–	–	–	–	0.1	–	–	**0.1**
Equity-settled share-based payments	–	–	–	–	–	–	–	–	5.9	**5.9**
Exercise of options over non-controlling interest	–	–	–	–	–	–	–	–	(1.1)	**(1.1)**
Adjustments in respect of revalued fixed assets	–	–	–	–	(0.6)	–	–	–	0.6	–
Tax on equity-settled share-based payments	–	–	–	–	–	–	–	–	0.1	**0.1**
Tax on revalued assets	–	–	–	–	–	–	–	–	0.1	**0.1**
At 30 June 2024 (unaudited)	**23.8**	**545.6**	**4.0**	**326.5**	**10.2**	**1.4**	**(7.9)**	**4.9**	**1,133.2**	**2,041.7**

£m	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Revaluation reserve	Capital redemption reserve	Own shares	Foreign exchange	Retained earnings	Total equity
At 1 January 2023 (audited)	23.8	545.6	4.3	326.5	12.1	1.4	(34.3)	9.6	1,213.2	2,102.2
Profit for the period	–	–	–	–	–	–	–	–	60.2	60.2
Other comprehensive income for the period	–	–	3.2	–	–	–	–	(2.5)	(4.8)	(4.1)
Total comprehensive income for the period	–	–	3.2	–	–	–	–	(2.5)	55.4	56.1
Dividends paid	–	–	–	–	–	–	–	–	(55.8)	(55.8)
Adjustments in respect of revalued fixed assets	–	–	–	–	(1.1)	–	–	–	1.1	–
Own shares movement	–	–	–	–	–	–	17.8	–	(17.8)	–
Equity-settled share-based payments	–	–	–	–	–	–	–	–	6.1	6.1
Tax on equity-settled share-based payments	–	–	–	–	–	–	–	–	0.2	0.2
Tax on revalued assets	–	–	–	–	–	–	–	–	0.3	0.3
At 30 June 2023 (unaudited)	23.8	545.6	7.5	326.5	11.0	1.4	(16.5)	7.1	1,202.7	2,109.1

Condensed consolidated statement of changes in equity (continued)

£m	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Revaluation reserve	Own shares	Foreign exchange	Capital redemption reserve	Retained earnings	Total equity
At 1 January 2023 (audited)	23.8	545.6	4.3	326.5	12.1	(34.3)	9.6	1.4	1,213.2	2,102.2
Profit for the year	–	–	–	–	–	–	–	–	38.1	38.1
Other comprehensive income for the year	–	–	(1.4)	–	–	–	(1.2)	–	(30.4)	(33.0)
Total comprehensive income for the year	–	–	(1.4)	–	–	–	(1.2)	–	7.7	5.1
Dividends paid	–	–	–	–	–	–	–	–	(82.1)	(82.1)
Adjustments in respect of revalued fixed assets	–	–	–	–	(1.3)	–	–	–	1.3	–
Own shares movement	–	–	–	–	–	20.2	–	–	(20.2)	–
Equity-settled share-based payments	–	–	–	–	–	–	–	–	14.6	14.6
Tax on revalued assets	–	–	–	–	–	–	–	–	0.5	0.5
At 31 December 2023 (audited)	23.8	545.6	2.9	326.5	10.8	(14.1)	8.4	1.4	1,135.0	2,040.3

Condensed consolidated cash flow statement

£m	**Six months ended 30 June 2024 (unaudited)**	Six months ended 30 June 2023 (unaudited)	Year ended 31 December 2023 (audited)
Cash flows from operating activities			
Operating profit	**37.7**	106.9	109.9
Adjustments for:			
Depreciation of property, plant and equipment	40.1	38.2	80.3
Depreciation of right-of-use assets – property	42.0	41.3	81.4
Depreciation of right-of-use assets – equipment	6.3	4.6	9.7
Amortisation of other intangibles	2.6	1.9	4.6
Amortisation of acquisition-related intangibles	5.2	5.2	10.5
Share-based payments	5.9	6.1	14.6
Gains on disposal of property, plant and equipment	(2.7)	(9.3)	(15.1)
Purchase of tool hire assets	(3.9)	(4.1)	(7.8)
Decrease/(increase) in inventories	57.9	(5.6)	0.2
(Increase)/decrease in receivables	(56.9)	(90.4)	36.3
Increase/(decrease) in payables	53.2	104.3	(58.7)
Adjusting item payments in excess of charge	19.4	(1.5)	49.5
Cash generated from operations	**206.8**	**197.6**	315.4
Interest paid and debt arrangement fees	(16.0)	(12.8)	(31.0)
Interest on lease liabilities	(14.9)	(12.5)	(26.2)
Income taxes paid	(20.8)	(29.3)	(40.6)
Net cash inflow from operating activities	**155.1**	**143.0**	217.6
Cash flows from investing activities			
Interest received	2.4	2.7	6.0
Proceeds on disposal of property, plant and equipment	18.8	34.8	69.1
Purchase of freehold land and buildings	(10.0)	(6.4)	(33.2)
Purchase and development of software	(2.9)	(0.7)	(2.9)
Purchase of property, plant and equipment	(22.6)	(44.7)	(97.9)
Net cash outflow from investing activities	**(14.3)**	(14.3)	(58.9)
Cash flows from financing activities			
Sale of own shares	0.1	–	–
Repayment of lease liabilities	(47.2)	(39.4)	(84.5)
Payments to pension SPV	–	(3.8)	(3.8)
Dividends paid	(11.6)	(55.8)	(82.1)
Proceeds from borrowings	–	–	100.0
Repayment of bonds	–	–	(180.0)
Net cash outflow from financing activities	**(58.7)**	(99.0)	(250.4)
Net increase / (decrease) in cash and cash equivalents	**82.1**	29.7	(91.7)
Cash and cash equivalents at the beginning of the period	131.5	223.2	223.2
Cash and cash equivalents at the end of the period	213.6	252.9	131.5

Notes to the interim financial statements

1. General information and accounting policies

The interim financial statements have been prepared on the historical cost basis, except that certain financial instruments including derivative instruments and plan assets of defined benefit pension schemes are stated at their fair value. The condensed interim financial statements include the accounts of the Company and all its subsidiaries ("the Group").

Basis of preparation

The financial information for the six months ended 30 June 2024 and 30 June 2023 is unaudited. The June 2024 information has been reviewed by KPMG LLP, the Group's auditor, and a copy of their review report appears on pages 41 and 42 of this interim report. The June 2023 information was also reviewed by KPMG LLP.

The financial information for the year ended 31 December 2023 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2023, as prepared in accordance with UK-adopted international accounting standards, has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The unaudited interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted for use in the UK, and have been prepared on the basis of IFRS.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2023. The 2023 full-year financial statements are available on the Travis Perkins website (www.travisperkinsplc.co.uk).

The Directors are currently of the opinion that the Group's forecasts and projections show that the Group should be able to operate within its current facilities and comply with its banking covenants. The Group is however exposed to a number of significant risks and uncertainties, which could affect the Group's ability to meet management's projections.

The Directors believe that the Group has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully. The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements. For this reason the interim financial statements have been prepared on a going concern basis. The going concern assessment is not sensitive to estimates on inflation.

New and amended standards adopted by the Group

There are no new or amended standards applicable for the current reporting period, except for International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) which was endorsed by the UK Endorsement Board on 19 July 2023. The impact of this amendment is discussed in note 7.

Notes to the interim financial statements

2. Revenue

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Sale of goods	**2,276.9**	2,389.7	4,693.0
Sale of services	**84.8**	82.4	168.9
	2,361.7	2,472.1	4,861.9

3. Adjusting items

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Adjusting items			
Restructuring	**23.9**	–	16.8
Benchmarx branch closures	**5.7**	–	10.1
Toolstation France	**2.6**	–	33.1
	32.2	–	60.0

Restructuring

In the second-half of 2023, as part of the Group's strategy of simplifying how its businesses interact with each other and in response to the continued weakness in the construction market, the Group commenced the restructuring of its commercial and procurement teams and its supply chain. The 2024 costs associated with this programme are:

- £15.0m of costs from the consolidation of the Group's supply chain, including £2.1m of property-related items, £9.2m of stock impairments and £3.7m of other associated costs. Of these items, £4.0m of stock impairments and £2.0m of other associated costs relate to the Toolstation UK business.
- Redundancy and other associated costs of £8.9m in respect of procurement centralisation and other central and regional restructuring.

Costs of £16.8m were incurred in 2023 in respect of the restructuring activity.

Benchmarx branch closures

A charge of £5.7m has been recognised in respect of the redundancy and other closure costs for 39 standalone Benchmarx branches that were closed in February 2024. Costs in respect of the impairment of assets and the recognition of property-related provisions for these closures were recognised in 2023.

Toolstation France impairment

The £2.6m cost relates to adjustments to stock provisions and lease liabilities made as a result of the planned exit of Toolstation France, as well as legal and professional costs incurred in respect of this process. The 2023 charge of £33.1m arose from the impairment of the right-of-use assets, tangible fixed assets and goodwill of the Toolstation France cash-generating unit.

4. Business segments

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), which is considered to be the Board, to assess performance and allocate capital.

Both operating segments sell building materials to a wide range of customers, none of which are dominant, and operate predominantly in the United Kingdom.

Segment result represents the result of each segment without allocation of certain central costs, finance costs and tax. Adjusted segment result is the result of each segment before adjusting items and property profits. Unallocated segment assets and liabilities comprise financial instruments, current and deferred tax, cash, borrowings and pension scheme assets and liabilities.

Notes to the interim financial statements

4. Business segments (continued)

a) Segment results

Six months ended 30 June 2024

£m	Merchanting	Toolstation	Unallocated	Consolidated
Revenue	1,941.7	420.0	–	**2,361.7**
Segment result	69.2	(13.8)	(17.7)	**37.7**
Amortisation of acquired intangible assets	3.8	1.4	–	**5.2**
Adjusting items	20.9	11.3		**32.2**
Adjusted segment result	93.9	(1.1)	(17.7)	**75.1**
Less property profits	(2.7)	–	–	**(2.7)**
Adjusted segment result excluding property profits	91.2	(1.1)	(17.7)	**72.4**
Adjusted segment margin	4.8%	(0.3)%	–	**3.2%**
Adjusted segment margin excluding property profits	4.7%	(0.3)%	–	**3.1%**

Six months ended 30 June 2023

£m	Merchanting	Toolstation	Unallocated	Consolidated
Revenue	2,061.7	410.4	–	**2,472.1**
Segment result	135.2	(11.4)	(16.9)	**106.9**
Amortisation of acquired intangible assets	3.8	1.4	–	**5.2**
Adjusted segment result	139.0	(10.0)	(16.9)	**112.1**
Less property profits	(9.3)	–	–	**(9.3)**
Adjusted segment result excluding property profits	129.7	(10.0)	(16.9)	**102.8**
Adjusted segment margin	6.7%	(2.4)%	–	**4.5%**
Adjusted segment margin excluding property profits	6.3%	(2.4)%	–	**4.2%**

Year ended 31 December 2023

£m	Merchanting	Toolstation	Unallocated	Consolidated
Revenue	4,035.8	826.1	–	**4,861.9**
Segment result	198.9	(55.6)	(33.4)	**109.9**
Amortisation of acquired intangible assets	7.6	2.9	–	**10.5**
Adjusting items	20.9	38.3	0.8	**60.0**
Adjusted segment result	227.4	(14.4)	(32.6)	**180.4**
Less property profits	(15.1)	–	–	**(15.1)**
Adjusted segment result excluding property profits	212.3	(14.4)	(32.6)	**165.3**
Adjusted segment margin	5.6%	(1.7%)	–	**3.7%**
Adjusted segment margin excluding property profits	5.3%	(1.7%)	–	**3.4%**

Notes to the interim financial statements

4. Business segments (continued)

b) Segment assets and liabilities

£m	Six months ended 30 June 2024
Segment assets	
Merchanting	2,972.4
Toolstation	748.4
Unallocated	408.8
Total assets	**4,129.6**
Segment liabilities	
Merchanting	(1,167.5)
Toolstation	(364.5)
Unallocated	(555.9)
Total liabilities	**(2,087.9)**

5. Seasonality

The Group's trading operations when assessed on a half yearly basis are mainly unaffected by seasonal factors. In 2023 the period to 30 June accounted for 50.8% of the Group's annual revenue.

Notes to the interim financial statements

6. Net finance costs

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Finance income			
Items in the nature of interest:			
Interest receivable	**2.4**	2.7	5.7
Remeasurement:			
Other finance income – pension scheme	**2.1**	3.0	6.4
Net gain on remeasurement of derivatives at fair value	**0.6**	–	–
	5.1	5.7	12.1
Finance costs			
Items in the nature of interest:			
Interest on lease liabilities – property	**(13.8)**	(12.2)	(25.3)
Interest on lease liabilities – equipment	**(1.1)**	(0.3)	(0.9)
Interest on bonds and other loans	**(9.6)**	(8.7)	(20.6)
Interest on bank facilities and overdrafts	**(1.1)**	(2.3)	(1.5)
Pension SPV and other interest	**(0.6)**	(1.6)	(1.7)
Other finance costs:			
Amortisation of issue costs of bank loans	**(0.6)**	(0.5)	(1.5)
Unwinding of discounts – property provisions	**–**	–	(0.1)
Remeasurement:			
Net loss on remeasurement of foreign exchange	**(0.4)**	(0.8)	(0.2)
Net loss on remeasurement of derivatives at fair value	**–**	(0.5)	(0.2)
	(27.2)	(26.9)	(52.0)
Net finance costs	**(22.1)**	(21.2)	(39.9)

The Group's interest cover covenants are calculated using those items of finance income and finance cost that are in the nature of interest, including interest on lease liabilities. In 2024 these were £23.8m (2023: £22.4m, full year: £44.3m).

Notes to the interim financial statements

7. Tax

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Current tax			
– current year	**15.9**	27.1	33.0
– prior year	**–**	–	(6.1)
Total current tax	**15.9**	27.1	26.9
Deferred tax			
– current year	**(5.0)**	(1.6)	(1.4)
– prior year	**–**	–	6.4
Total deferred tax	**(5.0)**	(1.6)	5.0
Total tax charge	**10.9**	25.5	31.9

Tax for the interim period is charged on profit before tax, based on the best estimate of the corporate tax rate for the full financial year on a country-by-country basis.

For the accounting period beginning 1 January 2024 the Group is required to comply with the OECD Pillar Two model rules ("Pillar Two rules") which require the Group to pay a minimum level of tax on income arising in the jurisdictions in which it operates.

The Group has applied the mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two rules. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to potential Pillar Two income taxes.

According to the Pillar Two rules, Travis Perkins plc qualifies as the ultimate parent entity (“UPE”) for Pillar Two purposes. The UPE will generally be required to pay in the UK a top-up tax on profits of its subsidiaries that are taxed at an effective tax rate (determined in accordance with the Pillar Two rules) of less than 15%. The Group has performed a preliminary calculation of the “Transitional Safe Harbours” for Pillar Two purposes ("TSH") based on the accounting data for the first five months of fiscal year 2024. Based on the assessment performed, most of the jurisdictions in which the Group operates should benefit from the TSH and no significant top-up taxes are expected.

Notes to the interim financial statements

8. Retirement benefit obligations

(a) Defined benefit pension schemes

The Group has a number of historical defined benefit pension schemes, all of which are closed to new members and future accruals. The Group operates four final salary schemes being The Travis Perkins Pensions and Dependants' Benefit Scheme ("the TP DB scheme"), the BSS Defined Benefit Scheme ("the BSS DB Scheme"), the immaterial Platinum pension scheme and the immaterial BSS Ireland Defined Benefit Scheme.

(b) Balance sheet position and movements during the year

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
At 1 January gross pension asset	**100.6**	135.9	135.9
Amounts recognised in income:			
Current service costs and administration expenses	**(1.5)**	(1.0)	(2.3)
Net interest income	**2.1**	3.0	6.4
Other movements:			
Contributions from sponsoring companies	**0.1**	0.4	1.4
Balance sheet reclassifications	**2.1**	–	–
Amounts recognised in other comprehensive income:			
Foreign exchange	–	–	0.1
Return on plan assets (excluding amounts in net interest)	**(56.6)**	(49.1)	(7.2)
Actuarial gain arising from changes in demographic assumptions	**–**	–	8.6
Actuarial gain/(loss) arising from changes in financial assumptions	**65.1**	43.7	(20.4)
Actuarial loss arising from experience adjustments	–	–	(21.9)
Gross pension asset	**111.9**	132.9	100.6
Deferred tax	**(27.8)**	(33.2)	(25.1)
Net pension asset	**84.1**	99.7	75.5

Notes to the interim financial statements

8. Retirement benefit obligations (continued)

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company and pension trustees are currently considering the implications of the case for the TP DB Scheme and the BSS DB scheme. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

9. Share capital

	Allotted	
	No.	£m
Ordinary shares:		
At 30 June 2023, 31 December 2023 and 30 June 2024	**212,509,334**	**23.8**

10. Earnings per share

a) Basic and diluted earnings per share

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
Profit attributable to the owners of the parent (£m)	**4.7**	60.2	38.1
Weighted average number of shares in issue	**210,955,879**	210,293,714	210,530,726
Dilutive effect of share options	**3,434,047**	3,469,107	3,616,786
Weighted average number of shares for diluted earnings per share	**214,389,926**	213,762,821	214,147,512
Earnings per share	**2.2p**	28.6p	18.1p
Diluted earnings per share	**2.2p**	28.2p	17.8p

b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effects of the amortisation of acquired intangible assets, adjusting items and discontinued operations from earnings.

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Profit attributable to the owners of the parent	**4.7**	60.2	38.1
Adjusting items	**32.2**	–	60.0
Amortisation of acquired intangible assets	**5.2**	5.2	10.5
Tax on amortisation of acquired intangible assets	**(1.3)**	(1.3)	(2.6)
Tax on adjusting items	**(7.2)**	–	(9.7)
Earnings for adjusted earnings per share	**33.6**	64.1	96.3
Adjusted earnings per share	**15.9p**	30.5p	45.7p
Adjusted diluted earnings per share	**15.7p**	30.0p	45.0p

Notes to the interim financial statements

11. Dividends

Distributions to equity shareholders of £11.6m have been recognised in the financial statements in the period (2023: £55.8m). An interim dividend of 5.5p is proposed in respect of the year ending 31 December 2024. It will be paid on 8 November 2024 to shareholders on the register at the close of business on 4 October 2024. The shares will be quoted ex-dividend on 3 October 2024.

The Company operates a Dividend Reinvestment Plan, elections for which must be received by the Company's registrar by 5.30pm on 18 October 2024.

12. Borrowings

At the period end, the Group had the following borrowing facilities available:

£m	**30 June 2024**	30 June 2023	31 December 2023
Drawn facilities:			
£250m sterling bond (due February 2026)	**250.0**	250.0	250.0
Senior unsecured notes	**100.0**	–	100.0
Term loan	**75.0**	75.0	75.0
£180m sterling bond (repaid September 2023)	**–**	180.0	–
Overdraft	**–**	81.6	–
	425.0	586.6	425.0
Undrawn facilities:			
5-year committed revolving credit facility	**375.0**	400.0	375.0
Bank overdraft	**15.0**	15.0	15.0
	390.0	415.0	390.0

The cash and cash equivalent balance includes £4.8m held by The Cobtree Scottish Limited Partnership, a Group-controlled special purpose vehicle which provides funding to one of the Group's pension schemes. These deposits are subject to restrictions and are therefore not available for general use by other entities within the Group.

The overdraft balance of £81.6m on 30 June 2023 formed part of the Group's notional cash pool and its aggregate cash position of £252.9m. The Group's £15.0m overdraft facility and the Group's £400.0m revolving credit facility were undrawn as at 30 June 2023.

Notes to the interim financial statements

13. Net debt

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Net debt at 1 January	**(922.0)**	(818.5)	(818.5)
Lease-related movements:			
Lease additions	**(81.1)**	(128.8)	(185.5)
Disposals of leases	**7.2**	1.7	5.2
Repayment of lease liabilities – property	**55.0**	47.1	100.5
Repayment of lease liabilities – equipment	**7.1**	4.8	10.2
Discount unwind on lease liability	**(14.9)**	(12.5)	(26.2)
Other net debt movements:			
Increase / (decrease) in cash	**82.1**	29.7	(91.7)
Finance charges and fees	**(0.6)**	(0.6)	1.9
Bond repurchase	**–**	–	80.0
Payments to pension SPV	**–**	3.8	3.7
Discount unwind on pension SPV liability	**(0.9)**	(0.8)	(1.6)
Net debt at 30 June / 31 December	**(868.1)**	(874.1)	(922.0)
Less: lease liability	**635.1**	600.3	608.4
Net debt before leases	**(233.0)**	(273.8)	(313.6)

14. Financial risk management

The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the principal financial and treasury risks within a framework of policies and operating parameters reviewed and approved annually by the Board of Directors. The Group does not enter into speculative transactions.

Derivatives

During 2022 the Group obtained a 5-year term loan facility for £75m and at the same time entered into an equal interest rate swap arrangement to hedge the full variable component of the interest rate for the life of the instrument. The risk management objective is to hedge against the fair value of the variable interest rate element of the loan facility. The interest rate swap is a derivative measured at fair value and is designated in the hedging relationship in its entirety, therefore the hedging instrument is eligible for hedge accounting.

The Group's hedging reserve relates to the following hedge instrument:

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
At 1 January	2.2	3.2	3.2
Change in fair value of hedging instrument recognised in OCI	1.1	3.2	(1.4)
Deferred tax	(0.3)	(0.8)	0.4
At 30 June / 31 December	3.0	5.6	2.2

Swaps currently in place cover approximately 100% of the variable term loan principal outstanding. The fixed interest rate of the swap is 2.673%. The interest rate of the term loan consists of a variable element based on the Sterling Overnight Index Average ("SONIA") and a margin between 1.8% – 2.4%. The swap contracts require settlement of the net interest receivable or payable every 6 months and coincides with the dates on which payment is due on the underlying term loan.

The effects of the interest rate swaps of the Group's financial position and performance are as follows:

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Carrying amount (non-current assets)	4.0	7.5	2.9
Notional amount	75.0	75.0	75.0
Maturity date	15 August 2027	15 August 2027	15 August 2027
Hedge ratio	1:1	1:1	1:1
Change in fair value of hedging instruments	1.1	3.2	(1.4)
Weighted average hedged rate for the year	5.19%	4.07%	4.60%

The following amounts were recognised in the Group's profit and loss:

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Net gain/(loss) on foreign currency forwards not qualifying as hedges included in other gains/(losses)	0.6	(0.5)	(0.2)

15. Financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Foreign currency forward contracts are measured using quoted forward exchange rates.
- Interest rate swaps are measured at the present value of future cash flows, estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

There were no transfers between levels during the year. There are no non-recurring fair value measurements.

£m	**30 June 2024**	**30 June 2023**	31 December 2023
Included in non-current assets			
Level 2 – Interest rate swap	**4.0**	7.5	2.9
Included in current assets			
Level 2 – Foreign currency forward contracts at fair value through profit and loss	**0.2**	–	–
	4.2	7.5	2.9
Included in current liabilities			
Level 2 – Foreign currency forward contracts at fair value through profit and loss	–	(0.6)	(0.4)
	–	(0.6)	(0.4)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts. Significant differences were identified for the Group’s £250m of bonds as at 30 June 2024, where the assessed fair value based on quoted mid-market prices was £238.1m (31 December 2023: £236.9m).

16. Related party transactions

The Group has related party relationships with its subsidiaries and with its Directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no related party transactions with Directors other than in respect of remuneration.

Notes to the interim financial statements

17. Impairment

Management are required to assess CGUs for impairment where they believe there are triggers for impairments with respect to the various CGUs within the group. During the period management identified that there are possible triggers for impairment with respect to the Toolstation Benelux CGU and performed an impairment review as set out below.

Measuring recoverable amounts

The recoverable amount has been determined using a fair value less cost of disposal ("FVLCOD") calculation. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The key assumptions for the recoverable amount are those regarding the discount rate, long-term growth rate and sales growth. Management determined the values of the key financial assumptions as follows:

- Pre-tax discount rate: this was calculated by reference to the weighted average cost of capital ("WACC") of the Group and reflected specific risks relating to the Group's industries and the countries in which the Toolstation Benelux CGU operates. The pre-tax discount rate is adjusted for risks not adjusted for in the cash flow forecasts, including risks related to the size and industry of the CGU.
- Long-term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. This represents the forecast GDP growth for the final year considered in available economic forecasts.

The cash flow forecast is derived from the strategic plan approved by the Board as part of the 2024 strategic review of this business. The key operating assumption is future average sales growth. This assumption is set in the context of the store opening profile and historical data from the Toolstation UK and Toolstation Europe businesses on the store maturity profile.

At the end of the financial year the recoverable amount of goodwill and intangible assets with indefinite useful lives in all segments was in excess of their book value for all CGUs except for Toolstation France and certain Benchmarx branches discussed in note 3. The Benchmarx branches form part of the Travis Perkins General Merchant group of CGUs. The value-in-use and FVLCOD calculations require the use of assumptions.

Key assumptions

	Six months ended 30 June 2024 (unaudited)	Year ended 31 December 2023 (audited)
Pre-tax discount rate	**11.7%**	9.5%
Long-term growth rate	**1.6%**	1.6%

The recoverable amount calculated in the impairment review of the Toolstation Benelux CGU exceeded the carrying amount of £126.1m by £25.4m. Whilst the Directors believe the assumptions are realistic, there are reasonably possible changes in the key assumptions that would cause the recoverable amount of the Toolstation Benelux CGU to be lower than the carrying amount. The key variables applied to the fair value less cost of disposal calculations and the value at which the recoverable amount would be equal to the carrying amount were:

	Assumption	Sensitivity
Pre-tax discount rate	**11.7%**	13.2%
Average sales growth (2024 – 2030)	**13.8%**	12.4%
Operating margin in 2030	**10.2%**	8.4%

17. Impairment (continued)

Key assumptions (continued)

The Toolstation Benelux impairment review is not sensitive to reasonably possible changes to the long-term growth rate. All other variables have been held equal.

Key estimates over assumptions used in value-in-use calculations

In testing for impairment, the recoverable amount of goodwill and intangible assets in the Toolstation Benelux CGU has been determined by reference to the fair value less cost of disposal of the CGU grouping. In addition the Directors have made certain estimates concerning discount rates, future cash flows and the future development of the business that are consistent with the 2024 strategic review. Whilst the Directors consider the assumptions to be realistic, should actual results, including those for future sales growth, be different from expectations, for instance due to a worsening of the Dutch or Belgian economy, then it is possible that the value of goodwill and other intangible assets included in the balance sheet could become materially impaired. The range of reasonably possible outcomes includes an impairment charge in respect of the £126.1m carrying value of assets of up to £18.2m, arising in a scenario where the pre-tax discount rate is 100bps higher and sales are cumulatively 10% lower over the period of the modelled cash flows.

18. Non-statutory information

Alternative performance measures ("APMs") are used to describe the Group's performance. These are not recognised under IFRS or other generally accepted accounting principles. The Board focuses on these measures when assessing ongoing trading and they facilitate meaningful year-on-year comparisons and hence provide useful information to shareholders. APMs are defined in this note and reconciled to the closest GAAP measure.

a) Adjusted operating profit

Adjusted operating profit is calculated by excluding the effects of amortisation of acquired intangible assets and adjusting items from operating profit.

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Operating profit	**37.7**	106.9	109.9
Amortisation of acquired intangible assets	**5.2**	5.2	10.5
Adjusting items	**32.2**	–	60.0
Adjusted operating profit	**75.1**	112.1	180.4

18. Non-statutory information (continued)

b) Adjusted profit before tax

Adjusted profit before tax is calculated by excluding the effects of amortisation of acquired intangible assets and adjusting items from profit before tax.

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Profit before tax	**15.6**	85.7	70.0
Amortisation of acquired intangible assets	**5.2**	5.2	10.5
Adjusting items	**32.2**	–	60.0
Adjusted profit before tax	**53.0**	90.9	140.5

c) Net debt to adjusted EBITDA (rolling 12 months)

£m	**30 June 2024**	30 June 2023	31 December 2023
Operating profit	**40.7**	234.3	109.9
Depreciation and amortisation	**191.3**	175.7	186.5
EBITDA	**232.0**	410.0	296.4
Adjusting items	**92.2**	–	60.0
Adjusted EBITDA	**324.2**	410.0	356.4
Net debt (note 13)	**868.1**	874.1	922.0
Net debt to adjusted EBITDA (rolling 12 months)	**2.7x**	2.1x	2.6x

d) Free cash flow

£m	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Year ended 31 December 2023
Adjusted operating profit	**75.1**	112.1	180.4
Less: profit on disposal of properties	**(2.7)**	(9.3)	(15.1)
Adjusted operating profit excluding property profit	**72.4**	102.8	165.3
Depreciation of property, plant and equipment	**40.1**	38.2	80.3
Amortisation of internally-generated intangibles	**2.6**	1.9	4.6
Share-based payments	**5.9**	6.1	14.6
Movement on working capital	**54.3**	8.3	(22.2)
Other net interest paid	**(13.6)**	(10.1)	(25.0)
Interest on lease liabilities	**(14.9)**	(12.5)	(26.2)
Income tax paid	**(20.8)**	(29.3)	(40.6)
Capital expenditure excluding freehold purchases	**(29.4)**	(49.5)	(108.6)
Disposal of plant and equipment	**(0.9)**	1.6	2.0
Free cash flow	**95.7**	57.5	44.2

Notes to the interim financial statements

18. Non-statutory information (continued)

e) Capital ratios

i) Average capital employed (rolling 12 months)

£m	**30 June 2024**	30 June 2023	31 December 2023
Opening net assets	**2,109.1**	2,129.8	2,102.2
Net pension asset	**(99.7)**	(211.8)	(102.0)
Net borrowings	**874.1**	901.5	818.5
Opening capital employed	**2,883.5**	2,819.5	2,818.7
Closing net assets	**2,041.7**	2,109.1	2,040.3
Net pension asset	**(84.1)**	(99.7)	(75.5)
Net borrowings	**868.1**	874.1	922.0
Closing capital employed	**2,825.7**	2,883.5	2,886.8
Average capital employed	**2,854.6**	2,851.5	2,852.8

e) Capital ratios

ii) Return on capital employed

£m	**30 June 2024**	30 June 2023	31 December 2023
Adjusted operating profit (rolling 12 months)	**143.4**	244.7	180.4
Average capital employed	**2,854.6**	2,851.5	2,852.8
Return on capital employed	**5.0%**	8.6%	6.3%

iii) Segmental return on capital employed

12 months ended 30 June 2024

£m	Merchanting	Toolstation	Unallocated	**Consolidated**
Adjusted operating profit (rolling 12 months)	182.3	(5.5)	(33.4)	**143.4**
Average capital employed	2,148.2	601.0	105.4	**2,854.6**
Return on capital employed	8.5%	(0.9)%	(31.7)%	**5.0%**

12 months ended 30 June 2023

£m	Merchanting	Toolstation	Unallocated	**Consolidated**
Adjusted operating profit (rolling 12 months)	287.5	(10.6)	(32.2)	**244.7**
Average capital employed	2,078.0	613.5	160.0	**2,851.5**
Return on capital employed	13.8%	(1.7)%	(20.1)%	**8.6%**

Notes to the interim financial statements

18. Non-statutory information (continued)

e) Capital ratios (continued)

12 months ended 31 December 2023

£m	Merchanting	Toolstation	Unallocated	**Consolidated**
Adjusted operating profit	227.4	(14.4)	(32.6)	**180.4**
Average capital employed	2,161.8	596.2	94.8	**2,852.8**
Return on capital employed	10.5%	(2.4)%	(34.4)%	**6.3%**

f) Like-for-like sales

£m	Merchanting	Toolstation	**Total**
2023 H1 revenue	2,061.7	410.4	**2,472.1**
Network change	(31.1)	(1.8)	**(32.9)**
Trading days	17.7	2.2	**19.9**
2023 H1 like-for-like revenue	**2,048.3**	**410.8**	**2,459.1**
Like-for-like change	(106.6)	9.2	**(97.4)**
2024 H1 revenue	1,941.7	420.0	**2,361.7**
Network change	(18.3)	(6.2)	**(24.5)**
2024 H1 like-for-like revenue	**1,923.4**	**413.8**	**2,337.2**
Like-for-like revenue %	**(6.1%)**	**0.7%**	**(5.0%)**

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches contribute to like-for-like sales once they have been trading for more than 12 months. Revenue included in like-for-like sales is for the equivalent times in both years. When branches close, revenue is excluded from the prior year figures for the months equivalent to the post closure period in the current year.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted for use in the UK;
- The Interim Management Report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Nick Roberts	Duncan Cooper
Chief Executive Officer	Chief Financial Officer
5 August 2024	5 August 2024

INDEPENDENT REVIEW REPORT TO TRAVIS PERKINS PLC

Conclusion

We have been engaged by Travis Perkins plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

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. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

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

James Tracey

for and on behalf of KPMG LLP

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

5 August 2024