9 August 2022

SIG plc
Results for the six months to 30 June 2022
A strong half demonstrating continued progress

SIG plc ("SIG", "the Group" or "the Company") today announces its half year results for the six months ended 30 June 2022 (“H1 2022” or “the period”).

	H1 2022	*Restated[3] H1 2021*	Change vs 2021
Revenue	**£1,358.5m**	£1,108.2m	*22.6%*
LFL[1] sales growth	**21.2%**		
Gross margin	**26.2%**	25.9%	*30bps*
Underlying[2] operating profit	**£42.5m**	£13.9m	
Underlying[2] operating margin	**3.1%**	1.3%	*180bps*
Underlying[2] profit before tax	**£28.9m**	£3.3m	
Underlying[2] earnings/(loss) per share	**1.6p**	(0.3p)	*1.9p*
Net debt	**£431.8m**	£289.4m	
Net debt (pre-IFRS 16)	**£164.4m**	£57.5m	

Statutory results	**H1 2022**	**H1 2021**
Revenue	**£1,358.5m**	£1,108.2m
Operating profit	**£39.8m**	£8.0m
Profit/(loss) before tax	**£26.2m**	(£2.6m)
Total profit/(loss) after tax	**£15.9m**	(£9.1m)
Basic earnings/(loss) per share	**1.4p**	(0.8p)

1. Like-for-like (“LFL”) is defined as the growth/(decline) in sales per working day in constant currency excluding any current and prior year acquisitions and disposals. Sales are not adjusted for branch openings or closures.
2. Underlying represents the results before Other items. Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group.
3. H1 2021 restatement is due to the change in accounting policy regarding configuration and customisation costs incurred in implementing cloud computing arrangements following the IFRS Interpretations Committee (IFRIC) Agenda Decision published in 2021.

Financial highlights

- Strong commercial execution, together with price increases, delivered Group like-for-like (“LFL”) sales growth of 21% on prior year, despite some variability in demand
- Consistent margin progression continues
    - H1 2022 gross margin of 26.2%, 30bps higher than H1 2021 as trading volumes drove higher rebates, coupled with front-end margin improvement in UK, France and Poland
    - Underlying operating profit margin of 3.1%, up 180bps on H1 2021, reflecting price and volume growth in sales more than offsetting inflation in salaries, energy and fuel costs
- Post IFRS 16 leverage reduced over the 12 months from 3.9x to 3.0x (pre-IFRS 16 from 4.2x to 2.1x), with investment and inflationary pressures in working capital more than offset by increase in profitability
- Robust liquidity, with gross cash of £113m and the revolving credit facility (“RCF”) of £50m undrawn at 30 June 2022

Strategic highlights

- Two year strategy of investing for growth has driven sustainable structural improvements across our businesses and, along with pricing tailwinds, has moved the Group back to 3% underlying operating margin, ahead of plan
- Growth has been delivered across the business; continued strength in France, Poland, Ireland and UK Exteriors; UK Interiors in continuous improvement mode; turnaround well underway in Germany

- Sustainability drivers continue to benefit the outlook
- Diversification by geography, end-market, customers and products continue to provide active resilience and flexibility in uncertain market conditions
- Immediately accretive acquisitions of Miers Construction Products in UK and Thermodämm in Germany, both completed after the period end in July 2022

Outlook

- Market conditions, demand patterns and inflation dynamics have been variable across the Group's geographic and end market segments through the second quarter, and we expect this backdrop to persist in the second half
- Return to positive free cash flow expected in H2 as seasonal working capital unwinds, with the full year also expected to be positive, although we will remain committed to maintaining product availability and superior service
- The Board remains confident in delivering its expectations for the full year

Commenting, Steve Francis, Chief Executive Officer, said:

"SIG is a structurally different business to two years ago – more specialist, more local, more productive, more flexible. Over this time, we have delivered above market performance and enabled a rapid return to robust profitability, along with a rhythm of steady progress. The first half of 2022 in particular saw significantly stronger growth than originally planned, which resulted in margin improvement across our operations.

"SIG today is resilient, flexible and sustainable: 80% of our products serve the insulation and building energy efficiency markets. We are by far the largest independent supplier in Europe of these products, which are needed now more than ever.

"Our strong market position, growth strategy and decentralised model will continue to enable us to navigate the pricing environment well and drive market share gains.

"In addition, our scale, diversification and resilience in uncertain markets mean that we are confident both in delivering the Board's expectations for the year and in our growth path to 5% operating margin in the medium term."

A live presentation and Q&A session, hosted by Steve Francis, CEO, and Ian Ashton, CFO, will take place at 10:00am on Tuesday 9 August 2022. The presentation and Q&A session will be webcast live and a recording of both will be available after the event.

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OPERATIONAL REVIEW

Strategic progress

We launched the Return to Growth strategy two years ago in response to a period of share loss and profit decline that pre-dated Covid. We said that through investing in growing and empowering our decentralised model across our 436 branches, and focusing on availability, superior service, local proximity and specialist expertise, we would drive revenue growth, enhance margin mix and improve productivity to return to 3% Group operating margin in two to three years, with a longer term goal of 5%.

We are delivering on our plan ahead of expectations, having transformed our customer engagement, market share, profitability, financing, leadership bench strength, industry reputation and commitment to sustainability. Since the start of Return to Growth, every business has gained share and improved margin (except Benelux, which represents four percent of Group sales), becoming more valuable to our customers and suppliers as a result.

The result of this strategic progress has also provided our OpCos with a wider range of commercial and operational levers that they can use to respond effectively and dynamically to variations in market conditions, which is showing real benefits amidst the current uncertain backdrop.

SIG was "Born Green", and we are committed to meeting our previously published sustainability goals, against which we are making good early progress. We also believe we are well placed to benefit from sustainability tailwinds that will result from well publicised pan-European commitments to energy conservation, notably through improved insulation.

Combined with earlier acquisitions, made in 2021, we have continued to supplement the strong organic growth with selective, accretive acquisitions, in line with our strategy. We acquired two businesses in July 2022, after the period-end. Miers Construction Products is one of the UK's leading suppliers of specialist construction materials, broadening our UK offering in high-performance construction accessories and fixings. Thermodämm is a small technical insulations business in Germany.

SIG is a structurally different business to two years ago – more specialist, more local, more productive, more flexible. Together with our scale, diversification and performance momentum this gives us resilience in uncertain market conditions, and confidence in our growth path to 5% operating margin.

Trading overview

H1 2022 LFL revenue grew 21% compared with the prior year. Reported Group revenue from underlying operations was 23% higher, including an adverse 2% currency movement and 4% uplift from acquisitions. This growth has been enabled by our ability to work successfully with suppliers and customers in managing the high levels of price volatility experienced across all geographies so far this year.

1 January to 30 June LFL Sales Growth	2022 vs 2021	*2022*
		£m
UK Interiors	24%	332
UK Exteriors	13%	224
UK	19%	556
France Interiors	13%	111
France Exteriors	18%	240
Germany	17%	225
Poland	44%	115
Benelux	20%	56
Ireland	55%	56
EU	23%	803
Group	**21%**	**1,359**

Our higher performing businesses have accelerated to new levels of performance. France's profit is now more than double than that achieved in H1 2019, while Poland grew its LFL sales over 40% and achieved over 5% operating margin for the first time ever in this half. Both reflect the success of re-establishing and re-enforcing SIG's decentralised business model, with a focus on driving operational performance at branch level, along with investment to modernise the business. Re-merchandising 85% of branches in France to drive private label growth, and growing e-commerce and its related productivity benefits in Poland (e-commerce now represents 16% of its sales) have all contributed to the positive performance of these OpCos.

The turnaround of UK Interiors is complete, and the business is now in continuous improvement mode, recovering share and demonstrating robust volume growth. Sales per working day has risen consistently and is now above 2019 levels as we recapture share with specialist contractors. Gross margins rose through pricing discipline, better rebates and terms, and improving product mix, and have driven the business to positive operating profitability. This recovery in UK Interiors, and the strength of UK Exteriors, reflects the benefits of our decentralised model and our deep supplier partnerships, plus our investments in sales capacity, branch manager talent and training, and modernisation of warehouse and transport management systems. The acquisition of three businesses over the last 18 months, namely Penlaw, F30, and Miers, the latter in July 2022, brings over £120m of revenue at an average operating margin of 7%, as well as leadership and specialist expertise, notably in construction accessories.

In Germany, the turnaround is well underway. 17% LFL sales growth, and operating margin up nearly 250 bps versus H1 2021, are the result of re-energising our sales force, simplifying and decentralising the organisation, and boosting specialist expertise in key categories. In July 2022 we acquired Thermodämm, a small technical insulations business, as part of our plans to restore our position in this attractive category.

Benelux continues to make progress in regaining share in the Netherlands under its new management team, and the other aspects of the turnaround plans are being implemented.

In Ireland, the exceptionally strong H1 growth partly reflects the extended lockdown that applied uniquely to that market in H1 2021, but also a continued strong underlying performance.

Where possible and appropriate we have continued to hold increased inventory levels to mitigate supply challenges, as well as purchase price increases. As anticipated, some but not all of the investment made during H2 2021 unwound in the period. Our strong balance sheet can accommodate this investment in inventory, whilst our solid liquidity provides an appropriate buffer given the prevailing macro-economic uncertainties.

Outlook

The Group has continued to improve its positions in its core markets, and the fundamentals of those markets remain attractive. The Board believes that the current performance provides evidence that we have the right strategy and foundations in place to deliver sustainable and profitable growth into the future.

The business benefited from the combination of high price volatility and solid overall demand in H1 2022, although both of these conditions varied, in some cases significantly, across the Group's different geographic and product markets. This backdrop has persisted into the second half of 2022 to date, with continued inflationary pressures and varying demand conditions. Mindful of the current macroeconomic uncertainties, we expect these market conditions to remain similar over the remainder of the year.

Notwithstanding this uncertain market backdrop, the Board remains confident in the full year performance, and in our growth path to 5% operating margin in the medium term. We benefit from broad sector, product and geographic diversification, with our OpCos now benefitting from an increasing range of operational levers that are allowing the businesses to respond quickly and effectively to market conditions.

We also expect to return to free cash flow generation for the full year, absent any material change to the trading environment, although we will remain committed to maintaining product availability and superior service.

FINANCIAL REVIEW

Revenue and gross margin

The Group saw a 21% increase in its LFL revenue over the same period last year, with Group underlying revenue up to £1,358.5m (H1 2021: £1,108.2m), driven by the effective implementation of the Return to Growth strategy as well as the inflationary tailwind. Statutory revenue is equivalent to underlying revenue for both H1 2022 and H1 2021.

Pass through of product price inflation added to the top line in all geographies in H1 2022. The impact on revenue for the half year across the Group was estimated to be c.19%.

Underlying and statutory gross profit increased 24% to £355.7m (H1 2021: £287.0m) with a gross profit margin of 26.2% (H1 2021: 25.9%). This reflects front-end margin improvements and increased rebate income due to increased sales.

Operating costs and profit

The Group's underlying operating costs were £313.2m (H1 2021 restated: £273.1m). The increase was primarily due to the impact of inflation on salaries, energy and fuel costs, and modest increases in bad debt reserves in light of the macro-economic environment.

The Group's profitability continued to improve in H1 2022 compared to H1 2021, with underlying operating profit of £42.5m (H1 2021 restated: £13.9m), and statutory operating profit was £39.8m (H1 2021: £8.0m) after Other items of £2.7m (H1 2021 restated: £5.9m).

Segmental analysis

UK

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating profit H1 2022 £m	Underlying operating profit/(loss) restated H1 2021 £m
UK Interiors	331.9	239.3	24%	3.8	(5.0)
UK Exteriors	224.0	199.2	13%	11.1	8.1
UK	**555.9**	**438.5**	**19%**	**14.9**	**3.1**

Underlying revenue in UK Interiors, a specialist insulation and interiors distribution business, was up 39% to £331.9m (H1 2021: £239.3m). This included a 17% impact from acquisitions in 2021. LFL growth was 24% reflecting the success of the Return to Growth strategy as well as benefitting from input price inflation. The improved revenue drove an underlying operating profit of £3.8m for the half year, compared to a restated underlying operating loss of £5.0m in H1 2021, with the business pushing the additional volumes through the existing capacity in the network.

UK Exteriors, a specialist roofing merchant, which also includes our Building Solutions business, continued to trade well despite some initial signs of softening in the RMI market, benefitting from both the strong demand environment, strategic stock management and purchase price inflation with underlying revenue of £224.0m (H1 2021: £199.2m), a LFL increase of 13%. The increase in revenue, further benefit from an increased margin due to rebates, and favourable product mix resulted in an underlying operating profit of £11.1m (H1 2021 restated: £8.1m).

France

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating profit H1 2022 £m	Underlying operating profit restated H1 2021 £m
France Interiors	111.2	101.1	13%	7.4	6.2
France Exteriors	239.8	206.4	18%	15.3	10.5
France	**351.0**	**307.5**	**16%**	**22.7**	**16.7**

France Interiors, trading as LiTT, a structural insulation and interiors business, saw underlying revenue increase by 10% to £111.2m (H1 2021: £101.1m), and by 13% on a LFL basis. The increases in revenue, coupled with an improved gross margin as a result of increased supplier rebates, partially offset by higher operating costs due to trading levels and inflation, resulted in a £1.2m increase in underlying operating profit to £7.4m (H1 2021: £6.2m).

Underlying revenue in France Exteriors, trading as Larivière, a specialist roofing business, increased by 16% to £239.8m (H1 2021: £206.4m), and by 18% on a LFL basis. Demand remains strong in the French RMI market and revenue also benefited from pass through of significant input price inflation. The increase in revenue together with increased supplier rebates and strict pricing discipline, partially offset by increased costs to fulfil higher trading volumes, resulted in an underlying operating profit increase of £4.8m to £15.3m (H1 2021 restated: £10.5m).

Germany

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating profit H1 2022 £m	Underlying operating profit H1 2021 £m
Germany	**224.5**	**194.3**	**17%**	**8.3**	**2.6**

Underlying revenue in WeGo/VTi, our specialist insulation and interiors distribution business in Germany, increased by 16% to £224.5m (H1 2021: £194.3m) and by 17% on a LFL basis. Germany saw the early benefits of the turnaround, as well as benefitting from the pass through of significant input price inflation and proactive stock management. The increased revenue resulted in an underlying operating profit of £8.3m (H1 2021: £2.6m). The progress made in 2021 has continued to deliver results in H1 2022.

Benelux

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating (loss) H1 2022 £m	Underlying operating (loss) H1 2021 £m
Benelux	**56.1**	**47.1**	**20%**	**(1.7)**	**(0.0)**

Underlying revenue from the Group's business in Benelux increased by 19% to £56.1m (H1 2021: £47.1m) and by 20% on a LFL basis. Revenue benefitted from increased volumes but strong competitive pressure in the Netherlands and product mix led to a decline in gross margin in the period. This, along with an increase in the cost base necessary to improve operational effectiveness has resulted in an underlying operating loss of £1.7m (H1 2021: £0.0m). The management team appointed in mid-2021 have delivered early progress in regaining market share, and continue to address the operational issues.

Poland

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating profit H1 2022 £m	Underlying operating profit H1 2021 £m
Poland	**115.1**	**83.5**	**44%**	**5.9**	**2.5**

In our Polish business, a market leading distributor of insulation and interiors, underlying revenue increased to £115.1m (H1 2021: £83.5m), with LFL sales up 44% due to an increase in market share, branch openings and pass through of significant price inflation. The Polish business also saw gross margin improvement and generated underlying profit of £5.9m (H1 2021: £2.5m).

Ireland

	Underlying revenue H1 2022 £m	Underlying revenue H1 2021 £m	LFL sales H1 2022	Underlying operating profit H1 2022 £m	Underlying operating profit/(loss) H1 2021 £m
Ireland	**55.9**	**37.3**	**55%**	**3.0**	**(0.2)**

Our business in Ireland is a specialist distributor of interiors and exteriors, as well as a specialist contractor for office furnishing, industrial coatings and kitchen/bathroom fit out. The business was affected by further Covid-19 related Government restrictions in the Republic of Ireland in H1 2021 but saw a strong rebound in the second half of 2021 that continued into 2022. Underlying revenue increased by 50% to £55.9m (H1 2021: £37.3m), and by 55% on a LFL basis. Underlying operating profit improved by £3.2m, finishing at £3.0m (H1 2021: loss £0.2m), reflecting the increased revenue and a shift in sales mix towards higher margin offerings.

Reconciliation of underlying to statutory result

Other items, being items excluded from underlying results, during the period amounted to £2.7m (H1 2021 restated: £5.9m) on a pre-tax basis and are summarised in the table below:

	H1 2022 £m	Restated H1 2021 £m
Underlying profit before tax	28.9	3.3
Other items – impacting profit/(loss) before tax:		
Amortisation of acquired intangibles	(2.4)	(2.3)
Net restructuring costs	-	(2.2)
Costs associated with acquisitions	(0.2)	(0.3)
Cloud computing configuration and customisation costs	(0.8)	(1.3)
Other specific items	0.7	0.2
Total Other items	**(2.7)**	**(5.9)**
Statutory profit/(loss) before tax	**26.2**	**(2.6)**

Taxation

The effective tax rate for the Group on underlying profit before tax of £28.9m (H1 2021 restated: £3.3m) was 36.3% (H1 2021 restated: 206.1%). As the Group operates in several different countries, tax losses cannot be surrendered or utilised cross border. Tax losses are not currently recognised in respect of the UK business, which also impacts the overall effective tax rate. The combination of these factors means that the effective tax rate is less meaningful as an indicator or comparator for the Group.

In accordance with UK legislation, the Group publishes an annual tax strategy, which is available on our website (www.sigplc.com).

Pensions

The Group operates four (H1 2021: four) defined benefit pension schemes and a number of defined contribution pension schemes. The largest defined benefit scheme is a UK scheme, which was closed to further accrual in 2016.

The total net pension liability in relation to defined benefit pension schemes at 30 June 2022 is £8.1m (30 June 2021: £17.2m; 31 December 2021: £10.7m), including £0.9m surplus in the UK scheme. The movement in the period relates to an actuarial gain of £0.6m together with the recognition of the scheduled annual contribution of £2.5m in the UK.

Financial position

Overall, the net assets of the Group increased by £14.8m to £279.5m from £264.7m at 31 December 2021, with a cash position at the period end of £113.2m (30 June 2021: £173.9m; 31 December 2021: £145.1m) and net debt (post-IFRS 16) of £431.8m (30 June 2021: £289.4m; 31 December 2021: £365.0m).

Cash flow

	H1 2022 £m	H1 2021 £m
Underlying operating profit	42.5	13.9
Add back: Depreciation	36.0	33.1
Add back: Amortisation	1.7	1.9
Underlying EBITDA	**80.2**	48.9
Increase in working capital	(42.0)	(41.0)
Repayment of lease liabilities	(31.1)	(29.2)
Capital expenditure	(6.9)	(10.4)
Cash exceptionals	(6.6)	(6.7)
Other	(2.4)	0.8
Operating cash flow	**(8.8)**	(37.6)
Interest and financing	(13.9)	(10.3)
Tax	(8.7)	(5.5)
Free cash flow	**(31.4)**	(53.4)
Acquisitions	(0.9)	(2.3)
Repayment of debt	(0.2)	(0.3)
Total cash flow	**(32.5)**	(56.0)
Cash and cash equivalents at beginning of the year	145.1	235.3
Effect of foreign exchange rate changes	0.6	(5.4)
Cash and cash equivalents at end of the year	**113.2**	173.9

Free cash flow represents the cash available after supporting operations, including capex and the repayment of lease liabilities, and before acquisitions and any movements in funding.

During the period, the Group reported a free cash outflow of £31.4m (H1 2021: £53.4m outflow), mainly as a result of the increased underlying operating profit in the period being offset by an increase in investment in working capital, which includes a significant seasonal impact. Capex during the period was £6.9m, a reduction from £10.4m in H1 2021 due to phasing of certain projects, with capex for the current financial year expected to be weighted to the second half of the year. Additional payments included interest, tax and capital and exceptional cash flows. "Other" included £2.5m payment to the

UK Pension Scheme and £4.0m payment to the Employee Benefit Trust to fund share plans, offset by non-cash items of £2m and proceeds on sale of property, plant and equipment.

The two key factors driving the increase in working capital in the period were the usual sales seasonality and year-over-year inflation. Given the continued macro uncertainties, we continue to retain slightly higher than normal inventory holding levels in certain segments, albeit lower than at December 2021, in order to help ensure we were able to meet our customers' needs.

Financing and funding

The Group's liquidity position remained solid throughout H1 2022 with the capital structure comprising €300m 5.25% fixed rate senior secured notes and an RCF of £50m. These mature/expire in November 2026 and May 2026 respectively. The senior secured notes are subject to incurrence-based covenants, and the RCF has a leverage maintenance covenant which only applies if the facility is over 40% drawn at a quarter end reporting date. The RCF was undrawn throughout H1 2022.

On the basis of current management expectations the Group is expected to remain in compliance with all banking covenants throughout the forecast period to 30 September 2023.

Dividend

No interim dividend will be paid for 2022. However, continued successful execution of the strategy, including sensible investment where appropriate, will return the Group to sustainable, profitable growth and cash generation, supporting a range of capital allocation priorities. The Board reiterates its commitment to reinstating a dividend, appropriately covered by underlying earnings, once it is sensible to do so.

Responsibility Statement

We confirm to the best of our knowledge that:

(a) the condensed interim set of financial statements has been prepared in accordance with UK adopted IAS 34 "Interim Financial Reporting";

(b) the Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Steve Francis	Ian Ashton
Director	Director
08 August 2022	08 August 2022

Cautionary statement

This Interim Report is prepared for and addressed only to the Company's Shareholders as a whole and to no other person. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this Interim Report is shown or into whose hands it may come and such responsibility or liability is expressly disclaimed.

This Interim Report contains forward-looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates and risk factors associated with the building and construction sectors. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements in this Interim Report will be realised. Statements about the Directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Group's control. Actual results could differ materially from the Group's current expectations.

It is believed that the expectations set out in these forward-looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially, including but not limited to, market conditions, competitors and margin management, commercial relationships, fluctuations in product pricing, changes in foreign exchange and interest rates, government legislation, availability of funding, working capital and cash management, IT infrastructure and cyber security and availability and quality of key resources.

The Company's Shareholders are cautioned not to place undue reliance on the forward-looking statements. This Interim Report has not been audited or otherwise independently verified. The information contained in this Interim Report has been prepared on the basis of the knowledge and information available to Directors at the date of its preparation and the Company does not undertake any obligation to update or revise this Interim Report during the financial year ahead.

Condensed Consolidated Income Statement
For the six months ended 30 June 2022 (unaudited)

		Six months ended 30 June 2022			Six months ended 30 June 2021			Year ended 31 December 2021		
		Underlying*	**Other items****	**Total**	Underlying* Restated^	Other items** Restated^	Total Restated^	Underlying*	Other items**	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue	2	**1,358.5**	**-**	**1,358.5**	1,108.2	-	1,108.2	2,291.4	-	2,291.4
Cost of sales		**(1,002.8)**	**-**	**(1,002.8)**	(821.2)	-	(821.2)	(1,689.3)	-	(1,689.3)
Gross profit		**355.7**	**-**	**355.7**	287.0	-	287.0	602.1	-	602.1
Other operating expenses		**(313.2)**	**(2.7)**	**(315.9)**	(273.1)	(5.9)	(279.0)	(560.7)	(27.4)	(588.1)
Operating profit/(loss)	3	**42.5**	**(2.7)**	**39.8**	13.9	(5.9)	8.0	41.4	(27.4)	14.0
Finance income	5	**0.5**	**-**	**0.5**	0.4	-	0.4	0.7	-	0.7
Finance costs	5	**(14.1)**	**-**	**(14.1)**	(11.0)	-	(11.0)	(22.8)	(7.8)	(30.6)
Profit/(loss) before tax		**28.9**	**(2.7)**	**26.2**	3.3	(5.9)	(2.6)	19.3	(35.2)	(15.9)
Income tax (expense)/credit	6	**(10.5)**	**0.2**	**(10.3)**	(6.8)	0.3	(6.5)	(15.6)	3.2	(12.4)
Profit/(loss) after tax		**18.4**	**(2.5)**	**15.9**	(3.5)	(5.6)	(9.1)	3.7	(32.0)	(28.3)
Attributable to:										
Equity holders of the Company		**18.4**	**(2.5)**	**15.9**	(3.5)	(5.6)	(9.1)	3.7	(32.0)	(28.3)
Earnings/(loss) per share										
Basic	7			**1.4p**			(0.8)p			(2.4)p
Diluted	7			**1.3p**			(0.8)p			(2.4)p

* Underlying represents the results before Other items.
** Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group. Further details are disclosed in Note 4.
^ The results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022 (unaudited)

	Six months ended 30 June 2022	Six months ended 30 June 2021 Restated^	Year ended 31 December 2021
	£m	£m	£m
Profit/(loss) after tax	**15.9**	(9.1)	(28.3)
Items that will not subsequently be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit pension liability (Note 13)	**0.6**	5.2	9.1
Deferred tax movement associated with remeasurement of defined benefit pension liability	**-**	-	0.1
	0.6	5.2	9.2
Items that may subsequently be reclassified to the Consolidated Income Statement:			
Exchange difference on retranslation of foreign currency goodwill and intangibles	**1.3**	(2.5)	(3.7)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**3.4**	(10.1)	(10.7)
Exchange and fair value movements associated with borrowings and derivative financial instruments	**(6.1)**	5.7	8.6
Gains and losses on cash flow hedges	**1.7**	0.3	0.7
Transfer to profit and loss on cash flow hedges	**-**	(0.1)	(3.1)
	0.3	(6.7)	(8.2)
Other comprehensive income/(expense)	**0.9**	(1.5)	1.0
Total comprehensive income/(expense)	**16.8**	(10.6)	(27.3)
Attributable to:			
Equity holders of the Company	**16.8**	(10.6)	(27.3)

^ The results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Condensed Consolidated Balance Sheet
As at 30 June 2022 (unaudited)

	Note	**30 June 2022**	30 June 2021 Restated^	31 December 2021
		£m	£m	£m
Non-current assets				
Property, plant and equipment		**68.4**	63.6	66.9
Right-of-use assets		**258.5**	226.1	230.9
Goodwill		**121.2**	128.5	120.1
Intangible assets		**12.9**	17.0	16.7
Lease receivables		**1.4**	3.2	2.9
Deferred tax assets		**4.0**	4.5	4.8
Derivative financial instruments	11	**0.2**	0.8	-
Retirement benefit surplus	13	**0.9**	-	-
		467.5	443.7	442.3
Current assets				
Inventories		**277.7**	221.4	242.0
Lease receivables		**0.1**	0.7	0.8
Trade and other receivables		**490.1**	382.4	371.3
Current tax assets		**0.6**	-	-
Derivative financial instruments	11	**1.4**	0.2	0.2
Cash at bank and on hand		**113.2**	173.9	145.1
		883.1	778.6	759.4
Total assets		**1,350.6**	1,222.3	1,201.7
Current liabilities				
Trade and other payables		**475.3**	404.6	369.7
Lease liabilities		**54.3**	50.9	50.7
Deferred consideration		**1.0**	1.0	1.1
Other financial liabilities		**0.8**	0.4	0.4
Derivative financial instruments	11	**-**	-	0.5
Current tax liabilities		**5.9**	4.5	4.6
Provisions		**13.6**	10.4	12.9
		550.9	471.8	439.9
Non-current liabilities				
Lease liabilities		**236.0**	206.7	210.4
Interest-bearing loans and borrowings		**256.0**	206.7	249.6
Deferred consideration		**-**	1.0	0.7
Derivative financial instruments	11	**-**	0.6	-
Other financial liabilities		**-**	0.9	0.6
Other payables		**3.8**	3.4	3.8
Retirement benefit obligations	13	**9.0**	17.2	10.7
Provisions		**15.4**	21.6	21.3
		520.2	458.1	497.1
Total liabilities		**1,071.1**	929.9	937.0
Net assets		**279.5**	292.4	264.7
Capital and reserves				
Called up share capital	12	**118.2**	118.2	118.2
Treasury shares		**(16.4)**	(0.2)	(12.5)
Capital redemption reserve		**0.3**	0.3	0.3
Share option reserve		**6.3**	3.1	4.4
Hedging and translation reserves		**2.7**	3.8	2.4
Cost of hedging reserve		**0.1**	0.2	0.1
Merger reserve		**92.5**	92.5	92.5
Retained profits		**75.8**	74.5	59.3
Attributable to equity holders of the Company		**279.5**	292.4	264.7
Total equity		**279.5**	292.4	264.7

^ The Condensed consolidated balance sheet at 30 June 2021 has been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2022 (unaudited)

	Note	**Six months ended 30 June 2022**	Six months ended 30 June 2021 Restated^	Year ended 31 December 2021
		£m	£m	£m
Net cash flow from operating activities				
Cash generated from operating activities	9	**32.7**	0.4	7.4
Income tax paid		**(8.7)**	(5.5)	(10.4)
Net cash generated from/(used in) operating activities		**24.0**	(5.1)	(3.0)
Cash flows from investing activities				
Finance income received		**0.5**	0.4	0.7
Purchase of property, plant and equipment and computer software		**(6.9)**	(10.4)	(18.6)
Proceeds from sale of property, plant and equipment		**0.5**	1.6	2.7
Net cash flow arising on the purchase of business		**-**	(2.3)	(10.1)
Settlement of amounts payable for previous purchases of businesses		**(0.9)**	-	(0.5)
Net cash used in investing activities		**(6.8)**	(10.7)	(25.8)
Cash flows from financing activities				
Finance costs paid		**(14.4)**	(10.7)	(36.3)
Repayment of lease liabilities		**(31.1)**	(29.2)	(57.3)
Repayment of borrowings		**(0.2)**	(0.3)	(200.3)
Proceeds from borrowings		**-**	-	251.5
Settlement of derivative financial instruments		**-**	-	0.8
Acquisition of treasury shares		**(4.0)**	-	(12.3)
Net cash used in financing activities		**(49.7)**	(40.2)	(53.9)
Decrease in cash and cash equivalents in the period	10	**(32.5)**	(56.0)	(82.7)
Cash and cash equivalents at beginning of the period		**145.1**	235.3	235.3
Effect of foreign exchange rate changes		**0.6**	(5.4)	(7.5)
Cash and cash equivalents at end of the period		**113.2**	173.9	145.1

^ The results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2022 (unaudited)

For the six months ended 30 June 2022	Note	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained profits £m	Total £m
At 1 January 2022		**118.2**	**-**	**(12.5)**	**0.3**	**4.4**	**2.4**	**0.1**	**92.5**	**59.3**	**264.7**
Profit after tax		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15.9**	**15.9**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**-**	**0.6**	**0.9**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**-**	**16.5**	**16.8**
Purchase of treasury shares		**-**	**-**	**(4.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.0)**
Credit to share option reserve		**-**	**-**	**-**	**-**	**2.0**	**-**	**-**	**-**	**-**	**2.0**
Settlement of share options		**-**	**-**	**0.1**	**-**	**(0.1)**	**-**	**-**	**-**	**-**	**-**
At 30 June 2022		**118.2**	**-**	**(16.4)**	**0.3**	**6.3**	**2.7**	**0.1**	**92.5**	**75.8**	**279.5**

For the six months ended 30 June 2021 (restated^)	Note	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained (losses)/ profits £m	Total £m
At 1 January 2021		118.2	447.7	(0.2)	0.3	2.0	10.5	0.2	92.5	(369.3)	301.9
Loss after tax		-	-	-	-	-	-	-	-	(9.1)	(9.1)
Other comprehensive (expense)/income		-	-	-	-	-	(6.7)	-	-	5.2	(1.5)
Total comprehensive expense		-	-	-	-	-	(6.7)	-	-	(3.9)	(10.6)
Credit to share option reserve		-	-	-	-	1.1	-	-	-	-	1.1
Capital reduction	12	-	(447.7)	-	-	-	-	-	-	447.7	-
At 30 June 2021		**118.2**	**-**	**(0.2)**	**0.3**	**3.1**	**3.8**	**0.2**	**92.5**	**74.5**	**292.4**

Condensed Consolidated Statement of Changes in Equity (continued)
For the six months ended 30 June 2022 (unaudited)

For the year ended 31 December 2021	Called up share capital £m	Share premium account £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained (losses)/ profits £m	Total £m
At 1 January 2021	118.2	447.7	(0.2)	0.3	2.0	10.5	0.2	92.5	(369.3)	301.9
Loss after tax	-	-	-	-	-	-	-	-	(28.3)	(28.3)
Other comprehensive (expense)/income	-	-	-	-	-	(8.1)	(0.1)	-	9.2	1.0
Total comprehensive (expense)/income	-	-	-	-	-	(8.1)	(0.1)	-	(19.1)	(27.3)
Purchase of treasury shares	-	-	(12.3)	-	-	-	-	-	-	(12.3)
Credit to share option reserve	-	-	-	-	2.6	-	-	-	-	2.6
Settlement of share options	-	-	-	-	(0.2)	-	-	-	-	(0.2)
Capital reduction	-	(447.7)	-	-	-	-	-	-	447.7	-
At 31 December 2021	**118.2**	**-**	**(12.5)**	**0.3**	**4.4**	**2.4**	**0.1**	**92.5**	**59.3**	**264.7**

^ The Retained profits/(losses) at 1 January 2021 and the results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

The share option reserve represents the cumulative equity-settled share option charge under IFRS 2 "Share-based payment" less the value of any share options that have been exercised.

The hedging and translation reserve represents movements in the Condensed Consolidated Balance Sheet as a result of movements in exchange rates and movements in the fair value of cash flow hedges which are taken directly to reserves.

Notes to the Condensed Interim Financial Statements

1. Basis of preparation of Condensed Interim Financial Statements

The Condensed Interim Financial Statements were approved by the Board of Directors on 8 August 2022.

The Group's Condensed Interim Financial Statements have been prepared in accordance with UK adopted IAS 34 "Interim Financial Reporting" and the accounting policies included in the Annual Report and Accounts for the year ended 31 December 2021, which have been applied consistently throughout the current and preceding periods, with the exception of the change in accounting policy impacting the half year period to 30 June 2021 noted below.

The Condensed Interim Financial Statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The interim results to 30 June 2022 and 30 June 2021 have been subject to an Interim Review in accordance with ISRE 2410 by the Company's Auditor.

The financial information for the full preceding year is based on the audited statutory accounts for the financial year ended 31 December 2021 prepared in accordance with UK adopted international accounting standards. Those accounts have been delivered to the Registrar of Companies. The Auditor's Report was (i) unqualified, (ii) included no matters to which the auditor drew attention by way of emphasis without modifying their report and (iii) did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006 in relation to the financial statements.

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from those estimates. The areas of critical accounting judgements and key sources of estimation uncertainty set out on page 147 to 148 of the 2021 Annual Report and Accounts are considered to continue and be consistently applied.

Change in accounting policy – Software as a Service (SaaS) arrangements
As explained in the 2021 Annual Report and Accounts, the Group revised its accounting policy regarding configuration and customisation costs incurred in implementing SaaS arrangements during 2021. Costs incurred to configure or customise software which do not result in the recognition of an intangible software asset are no longer capitalised but are expensed as incurred. Costs are included within Other items in the Consolidated Income Statement if they relate to significant strategic projects and are considered to meet the Group's definition of Other items. This change in policy was retrospectively applied and resulted in a restatement of the previously reported numbers, with a reduction in intangible assets and retained profits/(losses) of £4.4m at 31 December 2020. The comparatives for the six months ended 30 June 2021 included in this report have also been restated to expense costs previously capitalised in the first half of the year. The impact on the Condensed consolidated income statement is as follows:

	Six months ended 30 June 2021 £m
Increase/(decrease) in profit/(loss):	
Other underlying operating expenses	(0.3)
Amortisation of computer software	0.6
Underlying operating profit	**0.3**
Other items - cloud computing configuration and customisation costs	(1.3)
Operating profit	(1.0)
Loss before tax	**(1.0)**

The impact on basic and diluted loss per share is an increase in basic and diluted loss per share of 0.1p per share. The impact on the Condensed Consolidated Cash flow Statement is a reduction in the net cash outflow from investing activities of £1.6m (due to the reduction in the purchase of property, plant and equipment and computer software) and a decrease in the net cash generated from operating activities of £1.6m, with no change in the overall decrease in cash and cash equivalents for the period.

Disclosure restatement: disaggregation of revenue
As disclosed in the 2021 Annual Report and Accounts, heating, ventilation and air conditioning is no longer considered to be a distinct product type requiring separate disclosure in Note 2. The comparatives for the six months ended 30 June 2021 have been restated to present revenue by product type on a consistent basis with the current period and the full year ended 31 December 2021, with £4.0m of revenue previously shown as heating, ventilation and air conditioning combined within the interiors product type. This does not impact any of the primary statements or other notes to the interim financial statements.

Notes to the Condensed Interim Financial Statements

Going concern

The Directors have considered the Group's forecasts which support the view that the Group will be able to continue to operate within its banking facilities and comply with its banking covenants. The Group has committed facilities in place to November 2026 (senior secured notes) and a revolving credit facility (RCF) until May 2026. The senior secured notes are subject to incurrence based covenants only, and the RCF has a leverage maintenance covenant which is only effective if the facility is over 40% drawn at a quarter end reporting date. The RCF was undrawn throughout the six months to and as at the period end 30 June 2022.

The Directors have considered the principal risks and uncertainties that could potentially impact the Group's ability to fund its future activities and adhere to its banking covenants, including:

- High levels of inflation, and current economic and political uncertainties, potentially impacting market demand;
- Material shortages impacting our ability to meet demand and hence having an impact on forecast sales; and
- Further waves of the Covid-19 pandemic having an impact on trading.

The forecasts on which the going concern assessment is based have been subject to sensitivity analysis and stress testing to assess the impact of the above risks and the Directors have also reviewed mitigating actions that could be taken.

On consideration of the above the Directors believe that the Group has adequate resources to continue in operational existence for the forecast period to 30 September 2023 and the Directors therefore consider it appropriate to continue to adopt the going concern basis in preparing the 2022 Interim financial statements.

New standards, interpretations and amendments adopted by the Group

Several amendments apply for the first time in 2022 but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers

The Group's revenue is analysed by type and nature as follows:

Six months ended 30 June 2022	**UK Interiors £m**	**UK Exteriors £m**	**UK Total £m**	**France Interiors £m**	**France Exteriors £m**	**France Total £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Eliminations £m**	**Total Group £m**
Type of product												
Interiors	331.9	-	**331.9**	111.2	-	**111.2**	224.5	56.1	34.6	115.1	-	**873.4**
Exteriors	-	224.0	**224.0**	-	239.8	**239.8**	-	-	21.3	-	-	**485.1**
Inter-segment revenue*	3.0	1.7	**4.7**	0.1	3.9	**4.0**	-	-	-	-	(8.7)	**-**
Total underlying and statutory revenue	334.9	**225.7**	**560.6**	**111.3**	**243.7**	**355.0**	**224.5**	**56.1**	**55.9**	**115.1**	**(8.7)**	**1,358.5**
Nature of revenue												
Goods for resale (recognised at point in time)	334.9	225.7	**560.6**	111.3	243.7	**355.0**	224.5	56.1	53.3	115.1	(8.7)	**1,355.9**
Construction contracts (recognised over time)	-	-	**-**	-	-	**-**	-	-	2.6	-	-	**2.6**
Total	**334.9**	**225.7**	**560.6**	**111.3**	**243.7**	**355.0**	**224.5**	**56.1**	**55.9**	**115.1**	**(8.7)**	**1,358.5**

* Inter-segment revenue is charged at the prevailing market rates.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers (continued)

Six months ended 30 June 2021 (restated^)	**UK Interiors £m**	**UK Exteriors £m**	**UK Total £m**	**France Interiors £m**	**France Exteriors £m**	**France Total £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Eliminations £m**	**Total Group £m**
Type of product												
Interiors	239.3	-	239.3	101.1	-	101.1	194.3	47.1	20.9	83.5	-	686.2
Exteriors	-	199.2	199.2	-	206.4	206.4	-	-	16.4	-	-	422.0
Inter-segment revenue*	1.4	0.4	1.8	0.1	5.4	5.5	-	-	-	-	(7.3)	-
Total underlying and statutory revenue	**240.7**	**199.6**	**440.3**	**101.2**	**211.8**	**313.0**	**194.3**	**47.1**	**37.3**	**83.5**	**(7.3)**	**1,108.2**
Nature of revenue												
Goods for resale (recognised at point in time)	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	35.3	83.5	(7.3)	1,106.2
Construction contracts (recognised over time)	-	-	-	-	-	-	-	-	2.0	-	-	2.0
Total	**240.7**	**199.6**	**440.3**	**101.2**	**211.8**	**313.0**	**194.3**	**47.1**	**37.3**	**83.5**	**(7.3)**	**1,108.2**

* Inter-segment revenue is charged at the prevailing market rates.
^ The revenue disclosure for the period ended 30 June 2021 has been restated to include the heating, ventilation and air conditioning product type within Interiors, as explained in Note 1.

Notes to the Condensed Interim Financial Statements

2. Revenue from contracts with customers (continued)

Year ended 31 December 2021	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product												
Interiors	507.4	-	507.4	195.3	-	195.3	393.2	92.4	51.1	186.7	-	1,426.1
Exteriors	-	422.2	422.2	-	406.0	406.0	-	-	37.1	-	-	865.3
Inter-segment revenue*	3.4	0.6	4.0	0.1	11.6	11.7	-	-	0.1	-	(15.8)	-
Total underlying and statutory revenue	**510.8**	**422.8**	**933.6**	**195.4**	**417.6**	**613.0**	**393.2**	**92.4**	**88.3**	**186.7**	**(15.8)**	**2,291.4**
Nature of revenue												
Goods for resale (recognised at point in time)	510.8	422.8	933.6	195.4	417.6	613.0	393.2	92.4	83.7	186.7	(15.8)	2,286.8
Construction contracts (recognised over time)	-	-	-	-	-	-	-	-	4.6	-	-	4.6
Total	**510.8**	**422.8**	**933.6**	**195.4**	**417.6**	**613.0**	**393.2**	**92.4**	**88.3**	**186.7**	**(15.8)**	**2,291.4**

* Inter-segment revenue is charged at the prevailing market rates.

Notes to the Condensed Interim Financial Statements

3. Segmental information

In accordance with IFRS 8 "Operating Segments", the Group identifies its reportable operating segments based on the way in which financial information is reviewed and business performance is assessed by the Chief Operating Decision Maker (CODM). Reportable operating segments are grouped on a geographical basis.

Six months ended 30 June 2022	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Revenue												
Underlying and statutory revenue	331.9	224.0	**555.9**	111.2	239.8	**351.0**	224.5	56.1	55.9	115.1	-	**1,358.5**
Inter-segment revenue*	3.0	1.7	**4.7**	0.1	3.9	**4.0**	-	-	-	-	(8.7)	**-**
Total revenue	334.9	225.7	**560.6**	111.3	243.7	**355.0**	224.5	56.1	55.9	115.1	(8.7)	**1,358.5**
Result												
Segment result before Other items	**3.8**	**11.1**	**14.9**	**7.4**	**15.3**	**22.7**	**8.3**	**(1.7)**	**3.0**	**5.9**	**-**	**53.1**
Amortisation of acquired intangibles	(0.4)	(1.8)	**(2.2)**	-	(0.2)	**(0.2)**	-	-	-	-	-	**(2.4)**
Impairment charges	-	-	**-**	-	-	**-**	-	-	-	-	-	**-**
Acquisition costs	(0.2)	-	**(0.2)**	-	-	**-**	-	-	-	-	-	**(0.2)**
Cloud computing configuration and customisation costs	-	-	**-**	-	(0.8)	**(0.8)**	-	-	-	-	-	**(0.8)**
Other specific items	0.3	0.2	**0.5**	-	-	**-**	-	-	-	-	-	**0.5**
Segment operating profit/(loss)	**3.5**	**9.5**	**13.0**	**7.4**	**14.3**	**21.7**	**8.3**	**(1.7)**	**3.0**	**5.9**	**-**	**50.2**
Parent company costs												**(10.6)**
Parent company Other items**												**0.2**
Operating profit												**39.8**
Net finance costs												**(13.6)**
Profit before tax												**26.2**
Income tax expense												**(10.3)**
Profit for the period												**15.9**

* Inter-segment revenue is charged at the prevailing market rates.

** Parent company Other items relates to other specific items of £0.2m (credit), included within the total other specific items of £0.7m discussed in more detail in Note 4.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

Six months ended 30 June 2021 (restated^)	**UK Interiors £m**	**UK Exteriors £m**	**UK Total £m**	**France Interiors £m**	**France Exteriors £m**	**France Total £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Eliminations £m**	**Total Group £m**
Revenue												
Underlying and statutory revenue	239.3	199.2	438.5	101.1	206.4	307.5	194.3	47.1	37.3	83.5	-	1,108.2
Inter-segment revenue*	1.4	0.4	1.8	0.1	5.4	5.5	-	-	-	-	(7.3)	-
Total revenue	240.7	199.6	440.3	101.2	211.8	313.0	194.3	47.1	37.3	83.5	(7.3)	1,108.2
Result												
Segment result before Other items	**(5.0)**	**8.1**	**3.1**	**6.2**	**10.5**	**16.7**	**2.6**	**-**	**(0.2)**	**2.5**	**-**	**24.7**
Amortisation of acquired intangibles	(0.1)	(2.0)	(2.1)	-	(0.2)	(0.2)	-	-	-	-	-	(2.3)
Impairment charges	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition costs	(0.3)	-	(0.3)	-	-	-	-	-	-	-	-	(0.3)
Net restructuring costs	(0.2)	-	(0.2)	-	-	-	(0.1)	(0.4)	-	-	-	(0.7)
Cloud computing configuration and customisation costs	(0.5)	(0.4)	(0.9)	-	(0.4)	(0.4)	-	-	-	-	-	(1.3)
Segment operating profit/(loss)	**(6.1)**	**5.7**	**(0.4)**	**6.2**	**9.9**	**16.1**	**2.5**	**(0.4)**	**(0.2)**	**2.5**	**-**	**20.1**
Parent company costs												(10.8)
Parent company Other items**												(1.3)
Operating profit												**8.0**
Net finance costs												(10.6)
Loss before tax												**(2.6)**
Income tax expense												(6.5)
Loss for the period												**(9.1)**

* Inter-segment revenue is charged at the prevailing market rates.

** Parent company Other items include restructuring costs £1.5m and other specific items £0.2m (credit), included within the total amounts discussed in more detail in Note 4.

^ The results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

Year ended 31 December 2021	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Revenue												
Underlying and statutory revenue	507.4	422.2	929.6	195.3	406.0	601.3	393.2	92.4	88.2	186.7	-	2,291.4
Inter-segment revenue*	3.4	0.6	4.0	0.1	11.6	11.7	-	-	0.1	-	(15.8)	-
Total revenue	**510.8**	**422.8**	**933.6**	**195.4**	**417.6**	**613.0**	**393.2**	**92.4**	**88.3**	**186.7**	**(15.8)**	**2,291.4**
Result												
Segment result before Other items	**(2.5)**	**25.0**	**22.5**	**11.2**	**17.4**	**28.6**	**3.6**	**(4.9)**	**2.8**	**6.3**	**-**	**58.9**
Amortisation of acquired intangibles	(0.3)	(4.0)	(4.3)	-	(0.4)	(0.4)	-	-	-	-	-	(4.7)
Impairment charges	(0.3)	-	(0.3)	-	-	-	-	(9.9)	-	-	-	(10.2)
Acquisition costs	(1.5)	-	(1.5)	-	-	-	-	-	-	-	-	(1.5)
Cloud computing customisation and configuration costs	(0.6)	(0.5)	(1.1)	-	(0.8)	(0.8)	(0.8)	(0.6)	-	-	-	(3.3)
Net restructuring costs	0.1	(0.6)	(0.5)	-	-	-	(1.4)	(0.4)	-	-	-	(2.3)
Segment operating profit/(loss)	**(5.1)**	**19.9**	**14.8**	**11.2**	**16.2**	**27.4**	**1.4**	**(15.8)**	**2.8**	**6.3**	**-**	**36.9**
Parent company costs												(17.5)
Parent company Other items**												(5.4)
Operating profit												**14.0**
Net finance costs												(22.1)
Non-underlying finance costs												(7.8)
Loss before tax												**(15.9)**
Income tax expense												(12.4)
Loss for the period												**(28.3)**

* Inter-segment revenue is charged at the prevailing market rates.
** Parent company Other items include costs associated with refinancing £2.4m, onerous contract costs £2.0m, restructuring costs £1.4m offset by other specific items £0.4m credit, included within the total amounts discussed in more detail in Note 4.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

30 June 2022	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Total Group £m
Assets											
Segment assets	268.2	272.5	**540.7**	82.2	251.3	**333.5**	159.4	65.5	63.4	80.1	**1,242.6**
Unallocated assets:											
Property, plant and equipment											**0.6**
Derivative financial instruments											**1.4**
Cash and cash equivalents											**101.4**
Other assets											**4.6**
Consolidated total assets											**1,350.6**
Liabilities											
Segment liabilities	**243.9**	**132.2**	**376.1**	**69.9**	**151.0**	**220.9**	**91.3**	**28.1**	**36.4**	**43.1**	**795.9**
Unallocated liabilities:											
Interest-bearing loans and borrowings											**256.0**
Derivative financial instruments											**-**
Other liabilities											**19.2**
Consolidated total liabilities											**1,071.1**

3. Segmental information (continued)

30 June 2021 (restated^)	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Total Group £m
Assets											
Segment assets	175.8	263.3	439.1	87.9	222.3	310.2	147.6	56.7	50.0	69.1	1,072.7
Unallocated assets:											
Property, plant and equipment											0.3
Derivative financial instruments											1.0
Cash and cash equivalents											140.9
Other assets											7.4
Consolidated total assets											1,222.3
Liabilities											
Segment liabilities	204.3	126.2	330.5	61.4	130.1	191.5	83.9	19.1	30.5	37.1	692.6
Unallocated liabilities:											
Interest-bearing loans and borrowings											206.7
Derivative financial instruments											0.6
Other liabilities											30.0
Consolidated total liabilities											929.9

^ Restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Notes to the Condensed Interim Financial Statements

3. Segmental information (continued)

31 December 2021	UK Interiors £m	UK Exteriors £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Total Group £m
Assets											
Segment assets	222.3	262.6	484.9	69.5	208.0	277.5	136.1	53.9	54.2	66.2	1,072.8
Unallocated assets:											
Property, plant and equipment											0.3
Derivative financial instruments											0.2
Cash and cash equivalents											126.9
Other assets											1.5
Consolidated total assets											1,201.7
Liabilities											
Segment liabilities	204.6	124.1	328.7	54.6	117.8	172.4	74.7	21.7	30.9	33.5	661.9
Unallocated liabilities:											
Interest-bearing loans and borrowings											249.6
Derivative financial instruments											0.5
Other liabilities											25.0
Consolidated total liabilities											937.0

Notes to the Condensed Interim Financial Statements

4. Other items

Profit/(loss) after tax includes the following Other items which have been disclosed in a separate column within the Condensed Consolidated Income Statement in order to provide a better indication of the underlying earnings of the Group:

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 Restated £m	Year ended 31 December 2021 £m
Amortisation of acquired intangibles	**(2.4)**	(2.3)	(4.7)
Impairment charges	**-**	-	(10.2)
Net restructuring costs	**-**	(2.2)	(3.7)
Costs related to acquisitions	**(0.2)**	(0.3)	(1.5)
Costs associated with refinancing	**-**	-	(2.4)
Onerous contract costs	**-**	-	(2.0)
Cloud computing configuration and customisation costs[1]	**(0.8)**	(1.3)	(3.3)
Other specific items[2]	**0.7**	0.2	0.4
Impact on operating profit/(loss)	**(2.7)**	(5.9)	(27.4)
Non-underlying finance costs	**-**	-	(7.8)
Impact on profit/(loss) before tax	**(2.7)**	(5.9)	(35.2)
Income tax credit on Other items	**0.2**	0.3	3.2
Impact on profit/(loss) after tax	**(2.5)**	(5.6)	(32.0)

[1] Cloud computing configuration and customisation costs relate to costs incurred on strategic projects involving SaaS arrangements which are expensed as incurred rather than being capitalised as intangible assets. Prior year amounts have been restated to include these costs as a result of the change in accounting policy during the year. See Note 1 for further details.

[2] Other specific items relates principally to businesses divested in previous years and includes the settlement and release of certain historic provisions, offset by £2.0m provision for impairment of lease receivables. Other specific items in the previous periods to 30 June 2021 and 31 December 2021 relate principally to the transfer from cash flow hedging reserve to profit and loss in relation to the cash flow hedging arrangements on the private placement notes following partial repayment in 2020.

5. Finance income and finance costs

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Finance income			
Interest on bank deposits	**0.5**	0.4	0.7
	0.5	0.4	0.7
Finance costs			
On bank loans, overdrafts and other associated items[1]	**1.0**	2.3	4.6
On private placement notes[2]	**-**	2.7	4.7
On senior secured notes[3]	**6.9**	-	1.7
On obligations under lease contracts	**6.2**	5.9	11.6
Net finance charge on defined benefit schemes	**-**	0.1	0.2
Total interest expense before Other items	**14.1**	11.0	22.8
Non-underlying finance costs[4]	**-**	-	7.8
Total finance costs	**14.1**	11.0	30.6
Net finance costs	**13.6**	10.6	29.9

[1] Other associated items includes the amortisation of arrangement fees of £0.1m (30 June 2021: £0.5m; 31 December 2021: £0.9m).
[2] Included within finance costs on private placement notes in the six months to 30 June 2021 is the amortisation of arrangement fees of £0.3m (31 December 2021: £0.6m) and the amortisation of the loss on modification (credit) of £1.2m (31 December 2021: £2.1m credit).
[3] Included within finance costs on the senior secured notes is the amortisation of arrangement fees of £0.3m (30 June 2021: £nil; 31 December 2020: £0.1m).
[4] Non-underlying finance costs in 2021 comprised a £12.9m make-whole payment on settlement of the private placement notes, £2.8m write-off of arrangement fees in relation to the previous debt arrangements, offset by £8.0m release of the loss on modification recognised on amendment of the private placement notes in 2020, together with £0.1m unwinding of the discount on the onerous contract provision.

Notes to the Condensed Interim Financial Statements

6. Income tax

The income tax expense comprises:

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Total income tax expense for the period	(10.3)	(6.5)	(12.4)

Tax for the six month period ended 30 June 2022 is determined based on applying full year estimates of the annual effective tax rate for individual jurisdictions to the underlying profit/(loss) before tax for the six month period. This results in a tax charge of 36.3% on underlying profit/(loss) before tax (30 June 2021 - restated: 206.1%; 31 December 2021: 80.8%).

As the Group operates in several different countries tax losses cannot be surrendered or utilised cross border, and the Group therefore is subject to tax in some countries and not in others. Tax losses are not currently recognised in respect of the UK business which impacts the overall effective tax rate. The combination of these factors means that the effective tax rate is less meaningful as an indicator or comparator for the Group.

7. Earnings/(loss) per share

The calculations of earnings/(loss) per share are based on the following profits/(losses) and numbers of shares:

	Basic and diluted		
	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 Restated^ £m	Year ended 31 December 2021 £m
Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**15.9**	(9.1)	(28.3)
Add back:			
Other items (see Note 4)	**2.5**	5.6	32.0
Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings per share before other items	**18.4**	(3.5)	3.7

	Weighted average number of shares		
	Six months ended 30 June 2022 Number	Six months ended 30 June 2021 Number	Year ended 31 December 2021 Number
For basic and diluted earnings/(loss) per share	**1,151,936,602**	1,181,431,548	1,177,972,694
Effect of dilution from share options	**31,375,439**	-	-
Adjusted for the effect of dilution	**1,183,312,041**	1,181,431,548	1,177,972,694

Share options were considered antidilutive in the prior periods as their conversion into ordinary shares would decrease the loss per share. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(loss) per share.

Notes to the Condensed Interim Financial Statements

7. Earnings/(loss) per share (continued)

	Earnings/(loss) per share		
	Six months ended 30 June 2022	Six months ended 30 June 2021 Restated^	Year ended 31 December 2021
	£m	£m	£m
Earnings/(loss) per share			
Basic earnings/(loss) per share	**1.4p**	(0.8)p	(2.4)p
Diluted earnings/(loss) per share	**1.3p**	(0.8)p	(2.4)p
Earnings/(loss) per share before Other items*			
Basic and diluted earnings/(loss) per share from continuing operations before Other items	**1.6p**	(0.3)p	0.3p

* Earnings/(loss) per share before Other items (also referred to as underlying earnings/(loss) per share) has been disclosed in order to present the underlying performance of the Group.

^ The basic and total loss per share for the prior year period ended 30 June 2021 has been restated to reflect the restatement of the 2021 results following the change in accounting policy relating to cloud computing customisation and configuration costs in 2021 as explained in Note 1.

8. Acquisitions

There were no acquisitions during the six months to 30 June 2022. In the prior year the Group acquired F30 Building Products Limited in the first half of the year and the Penlaw Group of companies (Penlaw) in the second half.

F30 Building Products was acquired for total consideration of £3.6m, comprising £2.5m paid in cash on completion and £1.1m deferred and payable in two equal instalments over the following two years. A further amount of up to £0.8m was also payable over the twelve months from completion dependant on the future performance of the business and dependent on the vendor remaining within the business. This has been treated as remuneration and charged to the Consolidated Income Statement as earned. £0.6m was recognised and included in accruals at 31 December 2021, with a further £0.2m recognised in the six months ended 30 June 2022 and the total £0.8m paid in March 2022 (included within net cash flow from operating activities).

Penlaw was acquired for total consideration of £10.6m, comprising £9.8m cash paid on completion, £0.3m deferred and payable in two equal instalments over the following two years and up to £1.2m contingent consideration. The contingent consideration in relation to Penlaw is payable dependent on future performance of the business based on adjusted EBITDA exceeding an EBITDA threshold, as defined in the sale and purchase agreement, with up to a maximum of £0.6m payable for the first twelve months from completion and up to a maximum of £1.2m for the second twelve months from completion, subject to a maximum of £1.2m in total. The range of contingent consideration payable is therefore £nil to £1.2m. £0.5m was recognised at the date of acquisition and is still considered appropriate on the basis of current forecasts. This is included within other payables on the Consolidated balance sheet. The provision is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss. The fair value is measured using level 3 inputs and is sensitive to changes in one or more observable inputs.

Notes to the Condensed Interim Financial Statements

8. Acquisitions (continued)

Analysis of cash flows on acquisition

	Six months ended 30 June 2021 F30 Building Products £m	Six months ended 31 December 2021 Penlaw £m	Year ended 31 December 2021 Total £m
Consideration paid (included in cash flows from investing activities)	(2.5)	(9.8)	(12.3)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	0.2	2.0	2.2
Total net cash flow included in cash flows from investing activities	(2.3)	(7.8)	(10.1)
Transaction costs (included in cash flows from operating activities)	(0.1)	(0.3)	(0.4)
Net cash flow on acquisition	(2.4)	(8.1)	(10.5)

During the six months ended 30 June 2022 the Group paid deferred consideration of £0.9m, relating to F30 Building Products (£0.6m) and Penlaw (£0.3m), included in cash flows from investing activities.

9. Reconciliation of operating profit to cash generated from operating activities

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 Restated^ £m	Year ended 31 December 2021 £m
Profit/(loss) before tax	**26.2**	(2.6)	(15.9)
Net finance costs	**13.6**	10.6	29.9
Depreciation of property, plant and equipment	**6.1**	5.4	11.4
Depreciation of right-of-use assets	**29.9**	27.7	56.9
Amortisation of computer software	**1.7**	1.9	3.4
Amortisation of acquired intangibles	**2.4**	2.3	4.7
Impairment of property, plant and equipment	**-**	-	0.3
Impairment of goodwill	**-**	-	9.9
Impairment of right-of-use asset	**-**	0.4	0.5
Impairment of lease receivables	**2.0**	-	-
Profit on sale of property, plant and equipment	**(0.2)**	(0.2)	(0.9)
Share-based payments	**2.0**	1.1	2.4
Gains on derivative financial instruments	-	(0.2)	(2.8)
Net foreign exchange differences	**(0.3)**	(0.1)	0.3
Decrease in provisions	**(7.3)**	(6.2)	(7.3)
Working capital movements	**(43.4)**	(39.7)	(85.4)
Cash generated from operating activities	**32.7**	0.4	7.4

^ The results for the period to 30 June 2021 have been restated as a result of the change in accounting policy relating to configuration and customisation costs in cloud computing arrangements, as explained in Note 1.

Notes to the Condensed Interim Financial Statements

10. Reconciliation of net cash flow to movements in net debt

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Decrease in cash and cash equivalents in the period	**(32.5)**	(56.0)	(82.7)
Net cash outflow from repayment of leases and other debt	**38.4**	40.9	15.8
Decrease/(increase) in net debt resulting from cash flows	**5.9**	(15.1)	(66.9)
Deferred consideration added on acquisitions	**-**	(1.1)	(0.9)
Debt added on acquisitions	**-**	-	(7.5)
Non-cash items*	**(64.2)**	(34.5)	(60.0)
Exchange differences	**(8.5)**	(0.5)	8.5
Increase in net debt in the period	**(66.8)**	(51.2)	(126.8)
Net debt at beginning of period	**(365.0)**	(238.2)	(238.2)
Net debt at end of the period	**(431.8)**	(289.4)	(365.0)

* Non-cash items include the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow and non-cash movements in relation to lease liabilities.

Net debt is defined as follows:

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Non-current assets:			
Derivative financial instruments	**0.2**	0.8	-
Lease receivables	**1.4**	3.2	2.9
Current assets:			
Derivative financial instruments	**1.4**	0.2	0.2
Lease receivables	**0.1**	0.7	0.8
Cash at bank and on hand	**113.2**	173.9	145.1
Current liabilities:			
Lease liabilities	**(54.3)**	(50.9)	(50.7)
Deferred consideration	**(1.0)**	(1.0)	(1.1)
Other financial liabilities	**(0.8)**	(0.4)	(0.4)
Derivative financial instruments	**-**	-	(0.5)
Non-current liabilities:			
Lease liabilities	**(236.0)**	(206.7)	(210.4)
Interest-bearing loans and borrowings	**(256.0)**	(206.7)	(249.6)
Deferred consideration	**-**	(1.0)	(0.7)
Derivative financial instruments	**-**	(0.6)	-
Other financial liabilities	**-**	(0.9)	(0.6)
	(431.8)	(289.4)	(365.0)

Notes to the Condensed Interim Financial Statements

10. Reconciliation of net cash flow to movements in net debt (continued)

Analysis of movements in net debt:

	At 31 December 2021 £m	Cash flows	Non-cash items* £m	Exchange differences £m	At 30 June 2022 £m
Cash at bank and on hand	145.1	(32.5)	-	0.6	**113.2**
Lease receivables	3.7	(0.2)	(2.0)	-	**1.5**
	148.8	(32.7)	(2.0)	0.6	**114.7**
Liabilities arising from financing activities					
Financial assets – derivative financial instruments	0.2	-	1.4	-	**1.6**
Debts due within one year	(2.0)	1.0	(0.8)	-	**(1.8)**
Debts due after one year	(250.9)	0.1	0.9	(6.1)	**(256.0)**
Lease liabilities	(261.1)	37.5	(63.7)	(3.0)	**(290.3)**
	(513.8)	38.6	(62.2)	(9.1)	**(546.5)**
Net debt	**(365.0)**	**5.9**	**(64.2)**	**(8.5)**	**(431.8)**

* Non-cash items include the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow, movements between debts due within one year and after one year, and non-cash movements in relation to lease liabilities.

11. Financial instruments fair value disclosures

At the balance sheet date the Group held the following financial instruments at fair value:

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Financial assets			
Derivative financial instruments	**1.6**	1.0	0.2
	1.6	1.0	0.2
Financial liabilities			
Derivative financial instruments	**-**	0.6	0.5
Contingent consideration (included within other payables)	**0.5**	-	0.5
	0.5	0.6	1.0

The derivative financial instruments above all have fair values which are calculated by reference to observable inputs (i.e. classified as level 2 in the fair value hierarchy). The fair values of these derivative financial instruments, adjusted for credit risk, are calculated by discounting the associated future cash flows to net present values using appropriate market rates prevailing at the balance sheet date. The fair value of the contingent consideration is measured using level 3 inputs and the discounting of forecast future cash flows.

The carrying value of financial assets and liabilities that are recorded at amortised cost in the accounts is approximately equal to their fair value.

12. Called up share capital

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Authorised			
1,390,000,000 ordinary shares of 10p each (30 June and 31 December 2021: 1,390,000,000)	**139.0**	139.0	139.0
Allotted, called up and fully paid:			
1,181,556,977 ordinary shares of 10p each (30 June and 31 December 2021: 1,181,556,977)	**118.2**	118.2	118.2

The Company has one class of ordinary share which carries no right to fixed income. The Company did not allot any shares during the period (30 June 2021 and 31 December 2021: nil).

Notes to the Condensed Interim Financial Statements

12. Called up share capital (continued)

Capital reduction

On 24 June 2021 the Group completed the cancellation of its share premium account, which was approved by shareholders at the Annual General Meeting on 13 May 2021 and sanctioned by the High Court of England and Wales on 16 June 2021. The capital reduction resulted in the transfer of £447.7m from share premium account to retained profits/(losses) and created distributable reserves.

13. Retirement benefit schemes

Defined benefit schemes

The Group operates a number of pension schemes, four of which provide defined benefits based upon pensionable salary. The UK scheme has assets held in a separate trustee administered fund, and there are three European book reserve schemes. The UK defined benefit pension scheme obligation is calculated on a year to date basis, using the latest triennial valuation as at 31 December 2019.

The IAS 19 valuation conducted as at 31 December 2021 has been updated to reflect current market conditions, and as a result an actuarial gain of £0.6m has been recognised within the Condensed Consolidated Statement of Comprehensive Income. The total net pension liability in relation to defined benefit schemes at 30 June 2022 is £8.1m (30 June 2021: £17.2m; 31 December 2021: £10.7m), including £0.9m surplus in the UK scheme. The movement in the period relates principally to the actuarial gain of £0.6m together with the recognition of the scheduled annual contribution of £2.5m.

14. Interim dividend

No interim dividend is declared for the period (30 June 2021 and 31 December 2021: nil). In accordance with IAS 10 "Events After the Balance Sheet Date", dividends declared after the balance sheet date are not recognised as a liability in the Financial Statements. There was no final dividend for the year ended 31 December 2021.

15. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

In the period to 30 June 2022, the Group incurred expenses of £0.2m (30 June 2021: £0.2m; 31 December 2021: £0.6m) on behalf of the SIG plc Retirement Benefits Plan, the UK defined benefit pension scheme.

The Group has not identified any other related party transactions in the six month period to 30 June 2022.

16. Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2022 financial year remain consistent with those set out in the Strategic Report on pages 56 to 59 of the Group's 2021 Annual Report and Accounts. These risks and uncertainties include, but are not limited to:

(1) cyber security;
(2) health and safety;
(3) macro-economic uncertainty;
(4) ability to attract, recruit and retain our people;
(5) data quality and governance;
(6) environmental, social and governance;
(7) mergers and acquisitions;
(8) legal or regulatory compliance;
(9) digitalisation; and
(10) change management.

The primary risks affecting the Group's performance for the remaining six months of the year are the risks arising from macro-economic uncertainty and impact of continued high inflation rates on the level of market demand in the markets in which SIG operates and the potential impact of materials shortages. SIG's diverse market sectors are affected by macroeconomic factors which limit visibility and therefore render the short to medium-term outlook difficult to predict. The "Group outlook" section of the Trading Review details the current assessment of the markets in which the Group operates.

Notes to the Condensed Interim Financial Statements

17. Contingent liabilities and commitments

Contingent liabilities
As at the balance sheet date, the Group had outstanding obligations under customer guarantees, claims, standby letters of credit and discounted bills of up to £10.5m (30 June 2021: £13.8m; 31 December 2021: £9.9m). Of this amount, £4.7m (30 June 2021: £5.0m; 31 December 2021: £4.7m) relates to a standby letter of credit issued by HSBC Bank plc in respect of the Group's insurance arrangements.

As part of the disposal of the Building Plastics business in 2017 a guarantee was provided to the landlord of the leasehold properties transferred with the business covering rentals over the remaining term of the leases in the event that the acquiring company enters into administration before the end of the lease term. The maximum liability that could arise from this would be approximately £1.0m based on the remaining future rent commitment at 30 June 2022. No provision has been made in these financial statements as it is not considered likely that any loss will be incurred in connection with this.

Commitments
At 30 June 2022 the Group is committed to licence costs in relation to the SAP implementation project and other licence fees of £5.4m (30 June 2021: £10.7m; 31 December 2021: £10.1m). £4.4m (30 June 2021 £7.4m; 31 December 2021: £8.8m) is recognised as an onerous contract provision, with £1.0m (30 June 2021 £3.3m; 31 December 2021: £1.3m) remaining to be recognised in the income statement over the period 2022 to 2026.

18. Seasonality

The Group’s operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year. The "Outlook" section of the Trading Review details the current assessment of the expected second half performance for 2022.

19. Post balance sheet events

On 14 July 2022 the Group completed the acquisition of 100% of the equity share capital of Thermodämm GmbH, a non-listed business in Germany specialising in insulation, technical insulation and flooring, for total estimated consideration of £3.9m. £0.2m of the consideration is deferred and payable 12 months after completion. The initial accounting for the acquisition, including the calculation of the fair value of assets and liabilities acquired, is in progress and all numbers remain provisional. The acquisition is expected to contribute c£6.5m revenue and c£0.4m underlying profit before tax to the Group on an annualised basis.

On 22 July 2022 the Group completed the acquisition of 100% of the equity share capital of Miers Construction Products Limited, a non-listed business in the UK which is a leading supplier of specialist construction materials. Initial cash consideration of £28.0m was paid on completion, with a further £6.7m payable subject to the performance of the business during the period ending 31 December 2023 and a deferred cash payment of £1.8m payable in 24 months. The initial accounting for the acquisition, including the calculation of the fair value of assets and liabilities acquired, is in progress and all numbers remain provisional. The acquisition is expected to contribute c£55m revenue and c£4.7m profit before tax to the Group on an annualised basis.

Non-statutory information

The Group uses a variety of alternative performance measures, which are non-IFRS, to describe the Group's performance. The Group considers these performance measures to provide useful historical financial information to help investors evaluate the underlying performance of the business. Alternative performance measures are not a substitute for or superior to statutory IFRS measures.

These measures, as shown below, are used to improve the comparability of information between reporting periods and geographical units, to adjust for Other items or to adjust for businesses identified as non-core to provide information on the ongoing activities of the Group. This also reflects how the business is managed and measured on a day-to-day basis. Non-core businesses are those businesses that have been closed or disposed of or where the Board has resolved to close or dispose of the businesses by the end of the reporting period.

a) Net debt

Net debt is a key metric for the Group, and monitoring it is an important element of treasury risk management for the Group. Net debt excluding the impact of IFRS 16 is no longer relevant for financial covenant purposes but is still monitored for comparative purposes. Net debt on frozen GAAP basis and covenant net debt which were presented at 30 June 2021 are no longer relevant following the change in debt arrangements during the prior year and are therefore no longer presented.

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Reported net debt	**431.8**	289.4	365.0
Lease liabilities recognised in accordance with IFRS 16	**(268.1)**	(234.6)	(239.1)
Lease receivables recognised in accordance with IFRS 16	**1.5**	3.9	3.7
Other financial liabilities recognised in accordance with IFRS 16	**(0.8)**	(1.2)	(1.0)
Net debt excluding impact of IFRS 16	**164.4**	57.5	128.6

b) Leverage

Leverage is one of the covenants applicable to the Revolving Credit facility and is used as a key performance metric for the Group. It is calculated as net debt divided by the last twelve months underlying EBITDA.

	Twelve months ended 30 June 2022 £m	Twelve months ended 30 June 2021 £m
Underlying operating profit	**70.0**	3.7
Add back:		
Depreciation of right-of-use assets and property, plant and equipment	**71.2**	65.4
Amortisation of computer software	**3.2**	4.3
Underlying EBITDA	**144.4**	73.4
Reported net debt	**431.8**	289.4
Leverage	**3.0x**	3.9x

c) Operating margin

This is used to enhance understanding and comparability of the underlying financial performance of the Group and is calculated as underlying operating profit/(loss) as a percentage of underlying revenue.

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Underlying revenue	**1,358.5**	1,108.2	2,291.4
Underlying operating profit	**42.5**	13.9	41.4
	3.1%	1.3%	1.8%

d) Free cash flow

Free cash flow represents the cash available after supporting operations, including capital expenditure and the repayment of lease liabilities, and before acquisitions and any movements in funding.

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Decrease in cash and cash equivalents in the year	**(32.5)**	(56.0)	(82.7)
Add back:			
Net cash flow on the purchase of businesses	**-**	2.3	10.1
Settlement of amounts payable for previous purchases of businesses	**0.9**	-	0.5
Repayment of borrowings	**0.2**	0.3	200.3
Proceeds from borrowings	**-**	-	(251.5)
Settlement of derivative financial instruments	**-**	-	(0.8)
Free cash flow	**(31.4)**	(53.4)	(124.1)

Non-statutory information (continued)

e) Like-for-like sales

Like-for-like sales is calculated on a constant currency basis and represents the growth in the Group's sales per day excluding any acquisitions or disposals completed or agreed in the current and prior year. Revenue is not adjusted for branch openings and closures. This measure shows how the Group has developed its revenue for comparable business relative to the prior period. As such it is a key measure of the growth of the Group during the year. Underlying revenue is revenue from continuing operations excluding non-core businesses.

	UK Interiors £m	**UK Exteriors £m**	**UK Total £m**	**France Interiors £m**	**France Exteriors £m**	**France Total £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Total Group £m**
Statutory and underlying revenue for the period to 30 June 2022	331.9	224.0	**555.9**	111.2	239.8	**351.0**	224.5	56.1	55.9	115.1	**1,358.5**
Statutory revenue for the period to 30 June 2021	239.3	199.2	**438.5**	101.1	206.4	**307.5**	194.3	47.1	37.3	83.5	**1,108.2**
% change year on year:											
Underlying revenue	38.7%	12.4%	**26.8%**	10.0%	16.2%	**14.1%**	15.5%	19.1%	49.9%	37.8%	**22.6%**
Impact of currency	-	-	-	2.7%	2.9%	**2.9%**	2.9%	3.0%	3.7%	6.9%	**2.1%**
Impact of acquisitions	(17.3)%	-	**(9.4)%**	-	-	**-**	-	-	-		**(3.7)%**
Impact of working days	2.3%	1.0%	**1.6%**	-	(0.9)%	**(0.6)%**	(1.0)%	(2.0)%	1.3%	(1.2)%	**0.2%**
Like-for-like sales	23.7%	13.4%	**19.0%**	12.7%	18.2%	**16.4%**	17.4%	20.1%	54.9%	43.5%	**21.2%**

INDEPENDENT REVIEW REPORT TO SIG PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity, and the related explanatory notes 1 to 19. 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.

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 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of 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.

In preparing the half-yearly financial report, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. 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 paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. 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.

Ernst & Young LLP
London
08 August 2022