10 September 2024

Wickes Group plc - Interim Results 2024
for the 26 weeks to 29 June 2024

Resilient performance in H1
FY24 PBT outlook remains unchanged, underpinned by improved trend so far in Q3

Financial Highlights

- Total revenue of £799.9m (H1 2023: £827.7m) down -3.4% year-on-year
- Adjusted gross margin +24bps
- Operational costs flat year-on-year following planned management action taken to mitigate impact of inflation
- Statutory profit before tax of £22.9m (H1 2023: £21.1m)
- Adjusted profit before tax of £23.4m (H1 2023: £31.1m)
- Net cash position of £152.4m (H1 2023 £190.0m), after net initial payment for Solar Fast acquisition[1] and £28.9m returned to shareholders
- Interim dividend declared of 3.6p

Strategic Highlights

- Record Retail[2] market share[3] with particular gains in the strategic categories of decor, garden, tiles & flooring; Positive volume performance and LFL[4] sales growth in Retail
- Strong TradePro sales growth +14%, with growth in active members[5] of 18% to 541,000 (H1 2023: 459,000). In September the total number of TradePro members hit the 1 million mark for the first time
- Successful focus on our lower-priced Wickes Lifestyle Kitchens[6] range driving sales +19%
- Challenging market environment for large purchases led to 17% decline in Design & Installation[7] delivered sales[8] and high single-digit decline in ordered sales
- Investment in new stores and refits driving returns, with 3 refits completed and 2 new stores opened
- Initial roll-out of Wickes Solar, with point-of-sale assets in 50 trial stores and digital journey live on Wickes website
- Entry into the FTSE4Good index, recognising our Responsible Business Strategy

NB. Retail[2] refers to the revenue stream formerly described as Core. Design & Installation[7] refers to the revenue stream formerly described as DIFM or Do-it-for-me.

Current Trading & Outlook

Trading in Q3 so far has seen an improved trend; in Retail, LFL sales growth has strengthened and Design & Installation is stabilising. Whilst the market outlook remains uncertain, current trading along with the planned action taken to mitigate the impact of inflation underpins management's outlook for adjusted PBT for FY 2024[9]. Wickes' proven growth strategy and balanced business model leaves us well positioned for growth as market conditions improve. Our Q3 trading update is expected to be released in late October.

David Wood, Chief Executive of Wickes, commented:

"This first half performance is testament to the hard work of all our colleagues and demonstrates the strength of our balanced business model. We achieved further volume growth and record market share gains in Retail, with TradePro remaining a key differentiator. The market for Design and Installation remained tough during the half and Wickes was not immune; nonetheless, we have seen a positive response to our value-led Wickes Lifestyle Kitchen range, which is growing strongly.

"We are on track for the remainder of the year and have been encouraged by trading at the start of the second half. Looking further ahead, our outstanding customer offer, proven growth levers and focus on cost control leave us well-placed within a home improvement market which continues to offer significant opportunities."

Summary of interim financial results

£m	**26 weeks to 29 June 2024**	**26 weeks to 1 July 2023[10]**	**Change**
Statutory revenue *Retail* *Design & Installation*	**799.9** *633.2* *166.7*	**827.7** *626.8* *200.9*	**(3.4)%** *1.0%* *(17.0)%*
Statutory gross profit *Gross profit margin*	289.7 *36.2%*	294.7 *35.6%*	(1.7)% +0.6ppts
Statutory operating profit *Operating profit margin*	34.9 *4.4%*	32.0 *3.9%*	9.1% +0.5ppts
Statutory profit before tax	22.9	21.1	8.5%
Adjusted[11] gross profit *Gross profit margin*	**289.2** *36.2%*	**297.3** *35.9%*	**(2.7)%** **+0.2ppts**
Adjusted[11] operating profit *Adjusted operating profit margin*	35.1 *4.4%*	42.0 *5.1%*	(16.4)% -0.7ppts
Adjusted[11] profit before tax	**23.4**	**31.1**	**(24.8)%**
Adjusted[11] basic earnings per share	**7.1p**	**9.4p**	**(24.5)%**
Basic earnings per share	6.9p	6.3p	9.5%
Interim dividend	3.6p	3.6p	N/A

Investor & Analyst meeting

A presentation for investors and analysts will be held today at 8.30am (UK time), followed by a Q&A with the Wickes management team. A live webcast can be accessed at: https://brrmedia.news/WIX_HY_24

A recording of the webcast will be available on the Wickes Group plc website later today: https://wickesplc.co.uk

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About Wickes

Wickes is a digitally-led, service-enabled home improvement retailer, delivering choice, convenience, value and best-in-class service to customers across the United Kingdom, making it well placed to outperform its growing markets. In response to gradual structural shifts in its markets over recent years, Wickes has a balanced business focusing on three key customer journeys - TradePro, DIY (together reported as Retail) and our project-based Design & Installation division.

Wickes operates from its network of 229 right-sized stores, which support nationwide fulfilment from convenient locations throughout the United Kingdom, and through its digital channels including its website, TradePro mobile app for trade members, *and Wickes DIY app. These digital channels allow customers to research and order an extended range of Wickes products and services, arrange virtual and in-person design consultations, and organise convenient Home Delivery or Click-and-Collect.*

Forward looking statements

This announcement has been prepared by Wickes Group Plc. To the extent it includes forward-looking statements, these statements are based on current plans, estimates, targets and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Neither Wickes Group Plc, nor any of its officers, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Wickes Group Plc does not undertake any obligation, other than in accordance with our legal and regulatory obligations, to update or revise any forward-looking or other statement, whether as a result of new information, future developments or otherwise.

Business review

Market

The UK home improvement sector represents a large and attractive market of c.£27bn[12]. Within this market we have a significant opportunity for long-term growth, given our relatively small market share of c.6%. The challenging trading conditions of the last two years have resulted in consolidation in the market with the demise of retailers such as Wilko, CTD Tiles and Carpetright. The market has grown at c.2.5% on average over the past ten years, driven by the high average age of the UK's housing stock, the rising number of UK households and increasing home ownership. Specialist DIY sales are forecast to grow by 16% between 2024 and 2029, according to Mintel[13] driven by improved confidence and expected improvement in the housing market. People are also spending more time in their homes as a result of the rise of hybrid working, while there is an increasing trend of consumers investing in their homes for improved energy efficiency.

The Wickes home improver customer base tends to be slightly older and more affluent than the UK average, yet these customers have not been immune from recent cost of living pressures, including rising mortgage rates and rental costs, as well as continued inflation. High levels of interest rates have also suppressed UK housing transactions, which are often a trigger to undertake major home improvement projects, although this is typically partially offset by renovations to properties in which consumers decide to stay for longer. Our business has very limited exposure to civil engineering or the new build housing market, given that our customers are mostly home improvers and independent tradespeople.

The high cost of energy has motivated consumers to seek out ways to improve the energy efficiency of their homes. The average household energy efficiency rating for England and Wales is band D[14] and the UK's 28.6m homes are among the least energy efficient in Europe, losing heat up to three times faster than in continental Europe[15]. At Wickes we recognise how important climate change is and we are committed to helping our customers to improve the sustainability of their homes, to save money on their energy bills and to reduce their carbon footprint. The May 2024 report from our proprietary Mood of the Nation survey showed that 15% of home improvers have considered installing solar panels over the last year.

The August 2024 report from our proprietary Mood of the Nation survey shows that planned spend by UK consumers on a new kitchen or bathroom remains below historical norms, but stable over recent months. Demand has been stronger in the <£4k segment of the kitchens market. Product categories which are linked to large projects have been more challenging, such as tiles & flooring. There has been continued interest in DIY but with a focus on smaller projects, with consumers spending a bit less. Smaller DIY projects remain the most popular type of DIY work completed in the past year, according to Mintel[13]. The August 2024 Mood of the Nation survey also shows that local trade professionals remain busy, with around 50% of tradespeople still having a pipeline of work over three months and around 1 in 4 having a pipeline of work of more than 12 months. Tradespeople remain thrifty, with 28% being careful with the quantity of materials bought, in response to the higher cost of materials, compared to 19% in July 2023.

Progress against strategic growth levers

The company's strategy, as outlined at the time of demerger, has delivered strong operational progress centred around developing and extending the Group's growth levers. These contribute to an improvement in our products and services, saving our customers time and money. Continued investment in the following growth levers will drive further market share growth in the coming years:

1. Winning for trade
2. Accelerating Design & Installation
3. DIY category wins
4. Digital capability
5. Store investment
6. Enhanced store service model
7. A winning culture

1. Winning for trade

Our TradePro membership scheme continues to attract local traders, who choose Wickes for its strong value credentials and simple discount scheme, high quality products, availability on the lines that matter most, as well as the convenience of our 30-minute Click-and-Collect service.

Total membership of the TradePro scheme surpassed the one million mark in early September, achieving the target set at the time of demerger. Sales from TradePro members increased by 14% in H1 2024 compared to H1 2023. An 18% growth in the number of active customers was partially offset by a slight decline in average basket size as tradespeople have been managing their material quantities more carefully.

Customers signing up to TradePro typically demonstrate a positive shift in buying behaviour, with sales increasing +111% and the number of transactions increasing 173% in the six months after joining, compared to the 6 months before[16]. There is potential to increase share of wallet over time, as the average annual spend per active customer is currently c.£1k. We are using behavioural analytics to understand the drivers of average spending by decile. Our proprietary and market-leading machine learning model, the Mission Motivation Engine (MME), drives deeper customer relationships and extracts greater lifetime value.

2. Accelerating Design & Installation

Design & Installation delivered sales[8] reflected the continued soft consumer appetite for larger ticket purchases and a stronger comparative in H1 2023, related to the elevated post-Covid order book. LFL sales declined by 18.3%, whereas ordered sales[17] showed a single digit year-on-year decline.

Our ongoing strategic focus on our lower-priced Wickes Lifestyle Kitchens continues to deliver good results, with sales up 18.8% year-on-year in H1 2024. This range has enabled us to successfully serve the <£4k segment of the kitchens market, where demand has been strongest. An increasing proportion of Wickes Lifestyle Kitchens projects now use our free design service, which has proven popular with both landlords and homeowners.

The strong performance of our Lifestyle range meant that in spite of the challenging market conditions for large consumer purchases (which resulted in Design & Installation ordered sales seeing a high single-digit decline), ordered sales from all Wickes kitchen and bathroom ranges (Bespoke and Lifestyle combined) and associated installations in H1 2024 was only -4% compared to H1 2023.

In response to customer feedback about the showroom experience, we have simplified the customer journey, by ensuring that new customers are able to interact directly with a Design Consultant as soon as they begin the process, rather than speaking initially with a Kitchen & Bathroom assistant. In addition to improving the customer experience, this will also reduce operating costs.

We have continued to see strong attachment rates for installation, with over half of customers choosing to use Wickes to fit their kitchen and bathroom products, which leads to incremental spend on tiling, flooring and joinery, increasing the overall project value. Wickes offers nationwide installation services through teams across the country.

The acquisition of a 51% controlling interest in Solar Fast was completed on 21 May, following FCA approval, and is fully consolidated from that date. The initial roll-out of Wickes Solar includes point-of-sale assets in 50 trial stores and the digital journey is now live on the Wickes website. We have seen an encouraging early response, in both leads and conversion. The market for domestic solar installations in the UK is in long-term growth with the market estimated to be worth £1.5bn pa by 2028[18]. It is a highly fragmented market with no clear brand leader; with a trusted brand and significant experience in design and installation services at scale, Wickes is well-placed to be a market leader in home energy solutions. We have an option to purchase the remaining 49% of the issued share capital of Solar Fast during the five years following completion, in tranches of not less than 10% of the issued share capital, based on a valuation of 6x last twelve months EBITDA at the time.

3. DIY category wins

Our market share has grown to record levels with increases across numerous categories, particularly in the DIY categories of decor, garden, tiles & flooring.

The UK home improvement market has seen ongoing consolidation, following the demise of Wilko, CTD Tiles and Carpetright. Wickes has continued to gain market share over this period of consolidation, with notable gains in paint as well as tiling & flooring. Whilst market demand for large projects has been challenging and has impacted market demand for related categories such as tiling & flooring, Wickes' market share has continued to increase.

We continue to strive for the best possible range, price and availability for our customers. Our right-sized stores sell a carefully curated range of c.9,000 SKUs and we are constantly reviewing the range to ensure that each product category is meeting expectations. During H1 2024 we have conducted 10 range reviews with a strategic emphasis on introducing new and innovative products in our core categories as well as consolidating our existing SKUs. New products introduced in H1 included acoustic wall panels and new garden trellis and pergola products, with the customer journey improved by new in-store graphics and packaging.

4. Digital capability

We continue to invest in our digital capabilities to deliver an integrated multi-channel shopping experience for our customers.

We use our proprietary and market-leading machine learning model Mission Motivation Engine (MME) to deliver tailored content to customers to help them complete their home improvement missions and this is driving significant revenues. Our MME collects data to help us understand who our customers are, what they browse, what they buy, how and when, in order for us to produce personalised communications. We have a comprehensive suite of MME-led programmes of marketing emails and app notifications, all of which are optimised for timing, audience and content for our different customer profiles, with incrementality measured against control groups. These communications predict which products a customer may need and encourage them to go deeper into their project or mission. Our lifetime value calculator assesses behavioural data to determine whether each customer is likely to be a high value customer, to determine their shopper type algorithm and gauge our marketing efforts accordingly. The MME is a highly effective method of using first party data to inform personalised communications to thousands of individual customers.

5. Store investment

Investment in our store network continues, to modernise the stores, improve our showrooms and create additional fulfilment space.

Our refit programme continues to deliver c.25% ROCE with strong sales uplifts, particularly from the Design & Installation areas, where we are able to showcase our full offer of kitchens and bathrooms. The refits enable us to upgrade the efficiency of multi-channel order pick and despatch, which drives sales densities and underpins our 30-minute Click & Collect promise and increases customer satisfaction metrics. 179 stores, or 78% of the network, are now in our new format. Three store refits were successfully completed during H1 2024, in Ashford, Burgess Hill and Slough.

Our new store opening programme is progressing well, with two new stores opened during H1 2024 in Long Eaton and Durham, creating around 60 new jobs. We have an exciting pipeline of new stores planned for the coming years, as we target an overall estate of around 250 stores over the medium term.

During H1 2024, we closed two stores (Ashton Gate and Inverness) which were not meeting our returns criteria. We therefore ended the half year with 229 stores.

Our property plans for 2024 are on track. We are planning a total of seven refits for the full year and 4 new stores. Our new store in Aberdeen opened in August and Leamington Spa is due to open in Q4.

6. Enhanced store service model

Our ‘4C’ model aims to meet our customers’ needs through all four of our store network journeys: Self Serve, Assisted Selling, Order Fulfilment and the Design & Installation showrooms. Our approach offers a seamless shopping experience for customers and ensures that our store estate works hard for us. Recent changes to the store estate have increased back of house capacity for Click & Collect and Home Delivery Order Fulfilment, while reducing the impact on customers in the store.

In response to customer feedback about the showroom experience, we have simplified the customer journey, by ensuring that new customers are able to interact directly with a Design Consultant as soon as they begin the process, rather than speaking initially with a Kitchen & Bathroom assistant. In addition to improving the customer experience, this will also reduce operating costs.

7. A winning culture

We are proud of the Wickes culture which over the past fifty years has evolved to become a modern, inclusive workplace where all colleagues can feel at home and have the opportunity to grow their skills and develop their career. We continue to engage with colleagues so that they are informed, inspired and motivated to play their part in delivering our strategy through exceptional levels of customer service.

As part of our new Colleague Promise, we have rolled out flexible working to all roles in Support Centre and all store management teams.

Responsible Business Strategy update

During H1 2024 we have continued to focus on integrating our Responsible Business Strategy ‘Built to Last’ across our business and supply chain, with continued progress made across all three pillars of the strategy and our foundation topics.

The health and safety of our colleagues and customers remains our number one priority and is one of the key foundations of our Responsible Business Strategy. In H1 2024, we updated our Health & Safety Policy, which is available on our website, and launched a new incident reporting system across the business. We also published our Modern Slavery Statement, which sets out our plans for the year.

In June the progress on our ‘Built to Last’ strategy was recognised with entry into the FTSE4Good index.

1. People

As part of our new employer value proposition, called our Colleague Promise, we have rolled out flexible working to all roles in Support Centre and all store management teams.

Inclusion and diversity remains central to our people strategy through our ‘Feel at Home’ colleague-led inclusion and diversity programme. This has continued to gain recognition externally with Wickes being shortlisted as one of the top 12 inclusive employers for 2024 at the British LGBT Awards 2024. Our Head of Inclusion & Diversity has also been recognised as one of the top 12 LGBT+ Trailblazers and won ‘Highly Commended’ award in the ‘Head of Diversity of the Year’ category at the Rainbow Honours Awards. Furthermore Wickes has been accredited by the UK government with Committed status in the Disability Confident scheme, reflecting our aim to offer accessible and fair recruitment processes to everyone and foster an inclusive environment.

Our two-year charity partnership with The Brain Tumour Charity has now raised over £1 million, with the generosity of our colleagues, customers and suppliers, so is making great progress towards the £2 million target by the end of March 2025. Wickes has been awarded Platinum Level in this year’s Payroll Giving Quality Mark, which recognises and rewards organisations that encourage charitable giving through payroll giving. The Payroll Giving Quality Mark is a government-backed accreditation, awarded by the Charities Aid Foundation, based on the offering and uptake of a Give As You Earn scheme, as well as the company’s support through initiatives such as matched giving or running events and campaigns.

Though the Wickes Community programme we have supported over 1,300 projects in local communities across the country.

2. Environment

Wickes is amongst the first signatories to the Global Scope 3 commitment of EDRA/GHIN, the global trade body for home improvement retailers. These far-reaching carbon reduction commitments align with our existing SBTi-validated targets. We are collaborating closely with our strategic suppliers to work towards achieving our two Scope 3 science-based targets (SBTs) and a growing number of our suppliers now have their own SBTi-validated targets.

After receiving validation from the SBTi for our near term SBTs in 2022, we are re-baselining our targets to take into account business changes in contracting out some of our distribution activities and improvements to our methodology. Further to the statement made in our 2023 Annual Report & Accounts, we are providing an update on our LTIP targets. We expected the work to rebaseline our SBTs to be completed by the end of August, to allow us to confirm our ESG-linked LTIP targets. The rebaselining project has been more complex than anticipated, and as a result we now expect the rebaselining work to be completed by the end of this calendar year, and we plan to communicate the 2023-2025 and 2024-2026 ESG-linked LTIP targets at the same time.

We continue to source our electricity via a 100% renewable electricity contract and have been investing to reduce our energy consumption. Voltage optimisers have been installed into a number of our stores and we are seeing a material reduction in the amount of energy consumed at these sites. Our store in Torquay became the first in the estate to have an air source heat pump installed and the solar panels at our recently opened store in Aberdeen were installed by our own business, Solar Fast. Heating controls have been rolled out across the majority of our stores and store lighting is progressively being upgraded to LED, which is leading to significant savings in energy consumption.

All of our garden products are now peat free, after we stopped sourcing compost containing peat at the start of the year, ahead of the anticipated UK Government plan to stop the retail sale of all bagged peat compost in England and Wales.

3. Homes

Following the completion of the Solar Fast acquisition, the initial roll-out of Wickes Solar includes point-of-sale assets in 50 trial stores and the digital journey is now live on the Wickes website. The market for domestic solar installations in the UK is in long-term growth with the market estimated to be worth £1.5bn pa by 2028[18] and is a highly fragmented market with no clear brand leader. With a trusted brand and significant experience in design and installation services at scale, Wickes is well-placed to be a market leader in home energy solutions.

In order to further help our customers reduce the carbon footprint of their homes, we are also expanding our online range of air source heat pumps and EV charging products. We now also offer improved information on our website as to how our products support sustainability.

In 2023 we met our target of eliminating unnecessary packaging, which resulted in a 7% like-for-like reduction in primary plastic packaging year-on-year. Following this success, we introduced and published a Packaging Materials Policy in 2024, ensuring that we continue to limit the packaging used on our own-brand products. The policy also supports our work to achieve our other packaging targets, and deliver improved opportunities for our customers to recycle packaging.

Financial review

Our financial results have demonstrated the strength of our business model, delivering a resilient performance in challenging market conditions.

Revenue of £799.9m, including £1.5m contribution by Solar Fast since completion, reflects a contraction in sales of 3.4% year-on-year. Continued volume-driven growth in Retail was offset by LFL declines in Design & Installation. Gross margin increased by 24 basis points, reflecting careful management of price and promotions.

We faced significant cost headwinds this year with another rise in the National Minimum Wage as well as more general inflationary pressures across the business. Our planned productivity initiatives have helped to mitigate these headwinds, with savings made across a number of areas including distribution and shrinkage.

Adjusted profit before tax declined to £23.4m (H1 2023: £31.1m) reflecting the factors noted above. Statutory profit before tax increased by 8.5% to £22.9m (H1 2023: £21.1m).

There was £152.4m of cash on balance sheet at the end of the period (H1 2023: £190.0m), after £11.3m of share buybacks and the net initial payment for the acquisition of a 51% controlling stake in Solar Fast.

Revenue

Revenue for the 26 weeks to 29 June 2024 was £799.9m (H1 2023: £827.7m), a decrease of 3.4% on the prior year. Net selling area was broadly flat year on year as new store openings in Long Eaton and Durham were offset with closures of some older stores. LFL sales for the period were -3.9%.

Retail revenue – sales from products sold to DIY customers and local trade professionals – increased by 1.0% to £633.2m (H1 2023: £626.8m). Retail LFL revenue increased by 0.6%, driven by positive volume growth, with selling prices in mild deflation.

Our TradePro business continues to perform strongly, with sales +14%. This is driven by increasing numbers of active members, +18% in H1 2024, as local traders continue to choose Wickes to save them time and save them money. Local tradespeople remain busy, with healthy pipelines of work.

Our market share has grown to record levels with increases across numerous categories, particularly in the strategic categories of decor, garden, tiles & flooring.

Wickes remains highly competitive on price, with weekly benchmarking of thousands of items to ensure we are competitive on the lines that matter most. Our strategy is to offer everyday low pricing with limited use of targeted promotions so that our customers can rely on consistent and transparent pricing.

Design & Installation delivered revenue[8] – sales from projects sold by our showroom design consultants – was £166.7m (H1 2023: £200.9m), a decrease of 17.0% or 18.3% on a LFL basis. This reflected challenging market conditions, with a softer market environment for large consumer purchases, as well as the impact of lapping an elevated post-Covid order book in the prior period. Ordered sales[17] in H1 2024 saw a single digit LFL decline.

The attachment rate of customers choosing to use Wickes installation continues to be strong, driving increased average order values.

Statutory revenue decreased by 3.4% to £799.9m (H1 2023: £827.7m).

Gross profit

Adjusted gross profit for H1 2024 was £289.2m, a slight decrease compared to the prior year (H1 2023: £297.3m). Adjusted gross profit margin increased by 24 basis points, reflecting careful management of range, price and promotions.

Compared to adjusted gross profit, the statutory measure has been affected by the revised presentation adopted in the prior year to include net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value relating to economic hedges (H1 2024: £(0.5)m, H1 2023: £2.6m). Previously, these net unrealised gains and losses were presented in net finance costs, whereas now these amounts have been presented in cost of sales, in order to reflect that these foreign currency derivatives are entered into to mitigate the foreign exchange volatility arising from our purchase of inventory. The effect of these adjustments has been to increase cost of sales in H1 2023 by £2.6m and to decrease net finance costs by the same amount, as described in note 2.

Operating profit

Adjusted operating profit of £35.1m decreased by 16.4% year on year (H1 2023: £42.0m) and the adjusted operating profit margin decreased to 4.4% (H1 2023: 5.1%). The decline in operating margin reflects the impact of pressure on operating costs due to wage inflation and other general inflationary factors as described above, coinciding with an environment of weaker consumer demand. These increases were partly mitigated by planned productivity initiatives which yielded gains of £5.1m.

Statutory operating profit increased by 9.1% to £34.9m (H1 2023: £32.0m).

Net finance costs

Adjusted net finance costs were £12.0m (H1 2023: £10.9m).

Adjusted profit before tax

Adjusted profit before tax was £23.4m (H1 2023: £31.1m), a decline of 24.8% year-on-year, reflecting a period of weak consumer demand combined with significant cost increases.

Adjusting items

Pre-tax adjusting item charges were £0.5m (H1 2023: £10.0m). These comprise costs related to the Solar Fast acquisition of £0.7m (H1 2023: nil) and costs related to the extension of the Revolving Credit Facility of £0.3m (H1 2023: nil), partially offset by derivative fair value gains on foreign exchange contracts of £0.5m (H1 2023: losses of £2.6m).

Profit before tax

Profit before tax increased to £22.9m (H1 2023: £21.1m) reflecting the factors noted above, in addition to IT separation costs incurred in the prior period related to the demerger from former parent company Travis Perkins.

Tax

The tax charge for the period was £6.0m (H1 2023: £5.1m). The underlying effective tax rate (before adjusting items) for the period was 25.4% (H1 2023: 23.8%). The increase reflects the full year impact of the 25% corporation tax rate introduced in April 2023.

Tax credit on adjusting items was £0.1m (H1 2023: tax credit of £2.3m).

Investment and capital expenditure

Capital expenditure was in line with our expectations at £12.1m (H1 2023: £14.3m).

The largest component of capex was £9.8m investment in the store estate (H1 2023: £7.7m), of which refits were £3.5m, new stores £3.2m and other store capex across the estate £3.1m. There was £2.3m capex investment in our digital capabilities (H1 2023: £2.8m), as we continue to develop our multi-channel offer.

There was a net cash outflow of £5.1m for the acquisition of our 51% stake in Solar Fast. This comprises the initial aggregate consideration of £7.6m, representing £5.1m for the equity shares, less a £0.2m negative working capital adjustment, plus £2.7m for acquired cash, of which £2.5m cash was repaid by dividend post completion.

We continue to expect capital expenditure for 2024 to be c.£30m driven by continued investment in the store estate and further IT capital expenditure as we continue to enhance our operating systems and customer experience. In addition we expect to invest c.£10m in SaaS IT projects, which will be expensed through the income statement.

Cash / net debt

Cash at the end of the period was £152.4m (H1 2023: £190.0m), in line with our expectations. This cash balance is stated after the execution of £11.3m of share buybacks and the acquisition of a 51% controlling stake in Solar Fast.

Operating profit increased year-on-year, resulting in cash flows from operations of £89.5m (H1 2023: £89.8m). Cash inflows related to working capital movements were £64.9m (H1 2023: £87.0m), reflecting our normal seasonal trading pattern of trading peaks in both Retail and Design & Installation occurring in the first half of the year. Cash outflows from financing activities of £83.7m (H1 2023: £76.5m) include £51.6m (H1 2023: £57.8m) related to lease liabilities, £20.0m dividend payments (H1 2023: £18.4m) and £11.3m of share buybacks (H1 2023: nil).

Inventories decreased slightly to £195.1m (H1 2023: £201.9m) in line with our expectations.

IFRS16 net debt increased to £548.6m (H1 2023: £480.9m), primarily reflecting the lower cash balance year-on-year.

Dividend

The Board has recommended an interim dividend of 3.6p per share, which 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. Shareholders in the UK may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 18 October 2024.

Technical guidance

The following represents unchanged guidance for the full year 2024:

- Net interest costs of £20m-25m
- Adjusted tax rate 25-26%
- Capex of c.£30m[19]
- Current £25m share buyback programme expected to be completed by end September 2024
- Based on current expectations full year dividend expected to be maintained at 10.9p
- Cash at FY 2024 expected to be lower than at FY 2023 as a result of ongoing share buyback and Solar Fast acquisition

Appendix

LFL sales growth	**Retail**	**Design & Installation**	**Total**
Quarter 1 (13 weeks to 30 March)	1.7%	(17.6)%	**(3.3)%**
Quarter 2 (13 weeks to 29 June)	(0.2)%	(18.9)%	**(4.4)%**
Half year (26 weeks to 29 June)	**0.6%**	**(18.3)%**	**(3.9)%**

The phasing impact of the Easter peak trading period this year reduced Retail LFL sales in Q2 by 1.4%.

Risks and Uncertainties

Wickes has a formal risk management process to help the Group reinforce its short, medium and long term success, safeguard value and enable it to meet and exceed the expectations of stakeholders.

A detailed explanation of the risks and uncertainties which were identified for 2023 can be found on pages 75 to 81 of the Annual Report and Accounts 2023. The principal risks and uncertainties comprise:

- Cyber and data security
- Business change
- Brand integrity and reputation
- Legal and regulatory compliance
- IT operations
- Growth strategy
- Climate change
- People and safety
- Commercial and supply chain
- Financial management
- Customer experience
- Stores, distribution and installations

The Board continues to review changes to risks and uncertainties that may arise, remaining mindful of the external environment.

Footnotes

1) The enterprise value of the 51% stake in Solar Fast was £5.1m. A further payment was made of £2.7m, representing Wickes' 51% of the cash acquired on completion, of which £2.5m was subsequently repaid by way of dividend.
2) Retail refers to the revenue stream formerly described as Core. Retail revenue relates to products sold directly to customers (both DIY and local trade), in stores or online.
3) Source: GfK GB point of sale data, sourced from GfK DIY Category Reporting June 2024.
4) For a definition of like-for-like ('LFL') sales, see note 3.
5) Active members of the TradePro scheme are defined as those who have shopped with us in the last 12 months.
6) Sales of Wickes Lifestyle Kitchens which include a design element are classified as Design & Installation revenues, whereas Self Serve purchases of the Wickes Lifestyle Kitchen range are classified as Retail revenues.
7) Design & Installation refers to the revenue stream formerly described as DIFM or Do-it-for-me. Design & Installation revenue relates to projects such as kitchens and bathrooms, sold by our showroom Design Consultants. Revenue is recognised when delivery and installation (where applicable) is complete.
8) Delivered sales refers to the revenue which is recognised when the Group has satisfied its performance obligation to the customer and the customer has obtained control of the goods or services being transferred.
9) Consensus PBT for FY24 is £40.4m as at 19 August 2024.
10) For details of the prior period re-presentation, see note 2.
11) Adjusted measures represent results on an IFRS basis and exclude adjusting items including, but not limited to, significant restructurings, incremental costs relating to corporate transactions, significant write downs or impairments (or impairment reversals) of current and non-current assets, the associated costs of separating the business from the former parent company's IT systems, net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value and the effect of changes in corporation tax rates on deferred tax balances. See note 2 of the financial statements and both the Reconciliation of Alternative Performance Measures note and the Alternative Performance Measures note for a detailed explanation of these items.
12) Source: GfK, Mintel and Wickes estimates.
13) Source: Mintel UK DIY Retailing report, June 2024.
14) ONS Energy efficiency of housing in England and Wales 2023.
15) Decarbonising Buildings: Insights from Across Europe, published by the Grantham Institute – Climate Change and the Environment at Imperial College London, December 2022.
16) Based on a sample of c.15,000 customers.
17) Ordered sales refers to the value of orders at the point when the order has been agreed.
18) Source: Wood Mackenzie UK PV Capacity Forecast.
19) Excludes impact of expensed SaaS IT investment costs. These are the costs incurred which relate to 'software as a service' solutions that are immediately expensed under the Group's accounting policies and do not result in an intangible asset.

Condensed consolidated income statement and statement of comprehensive income

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023 (re-presented*)	52 weeks ended 30 December 2023
Revenue (note 3)	**799.9**	827.7	1,553.8
Cost of sales	**(510.2)**	(533.0)	(988.8)
Gross profit	**289.7**	294.7	565.0
Selling costs	**(174.8)**	(172.7)	(341.6)
Administrative expenses	**(80.0)**	(90.0)	(160.5)
Operating profit	**34.9**	32.0	62.9
Net finance costs (note 4)	**(12.0)**	(10.9)	(21.8)
Profit before tax	**22.9**	21.1	41.1
Tax (note 5)	**(6.0)**	(5.1)	(11.3)
Profit for the period	**16.9**	16.0	29.8
Attributable to:			
Owners of the parent	**16.8**	16.0	29.8
Non-controlling interest	**0.1**	-	-
	16.9	16.0	29.8
Earnings per ordinary share (note 9)			
Basic	**6.9p**	6.3p	11.8p
Diluted	**6.8p**	6.3p	11.7p
Total dividend declared per share (note 10)	**3.6p**	3.6p	10.9p

Adjusted results (note 2 unless stated otherwise)			
Adjusted gross profit	**289.2**	297.3	568.1
Adjusted operating profit	**35.1**	42.0	73.8
Adjusted profit before tax	**23.4**	31.1	52.0
Adjusted profit after tax	**17.5**	23.7	38.1
Adjusted basic earnings per share (note 9)	**7.1p**	9.4p	15.1p
Adjusted diluted earnings per share (note 9)	**7.1p**	9.3p	14.9p

* For details of re-presentation please see note 2

Condensed consolidated balance sheet

£m	**As at 29 June 2024**	As at 1 July 2023	As at 30 December 2023
ASSETS			
Non-current assets			
Goodwill	**12.6**	8.4	8.4
Other intangible assets	**13.7**	14.7	14.3
Property, plant and equipment	**122.5**	115.3	123.2
Right-of-use assets	**560.5**	528.9	537.1
Deferred tax asset	**23.9**	19.9	23.0
Total non-current assets	**733.2**	687.2	706.0
Current assets			
Inventories	**195.1**	201.9	195.5
Trade and other receivables (note 7)	**78.4**	77.4	74.1
Tax assets	**-**	5.0	-
Derivative financial instruments	**-**	0.1	-
Cash and cash equivalents	**152.4**	190.0	97.5
Total current assets	**425.9**	474.4	367.1
Total assets	**1,159.1**	1,161.6	1,073.1
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital (note 8)	**24.5**	26.0	25.2
Capital redemption reserve	**1.5**	-	0.8
EBT share reserve (note 8)	**(0.5)**	(0.8)	(0.7)
Other reserves	**(785.7)**	(785.7)	(785.7)
Retained earnings	**913.6**	924.9	923.7
Equity attributable to owners of the parent	**153.4**	164.4	163.3
Non-controlling interest	**0.9**	-	-
Total equity	**154.3**	164.4	163.3
Non-current liabilities			
Lease liabilities	**615.0**	592.6	596.0
Long-term provisions	**1.8**	1.6	2.3
Total non-current liabilities	**616.8**	594.2	598.3
Current liabilities			
Lease liabilities	**86.0**	78.3	79.8
Derivative financial instruments	**0.2**	0.4	0.7
Trade and other payables	**287.2**	313.2	219.1
Tax liabilities	**3.7**	-	1.6
Short-term provisions	**10.9**	11.1	10.3
Total current liabilities	**388.0**	403.0	311.5
Total liabilities	**1,004.8**	997.2	909.8
Total equity and liabilities	**1,159.1**	1,161.6	1,073.1

The interim condensed financial statements of Wickes Group plc, registered number 12189061 were approved by the Board of Directors on 9 September 2024 and signed on its behalf by:

David Wood
Chief Executive Officer

Mark George
Chief Financial Officer

Condensed consolidated statement of changes in equity

£m	Issued share capital	Capital redemption reserve	Employee benefit trust share reserves	Other reserve	Retained earnings	Total equity
At 30 December 2023	25.2	0.8	(0.7)	(785.7)	923.7	163.3
Total comprehensive income for the period	-	-	-	-	16.9	16.9
Dividends paid (note 10)	-	-	-	-	(17.6)	(17.6)
Share buyback and cancellation	(0.7)	0.7	-	-	(11.3)	(11.3)
Equity-settled share-based payments	-	-	0.2	-	1.9	2.1
Owners of the parent	**24.5**	**1.5**	**(0.5)**	**(785.7)**	**913.6**	**153.4**
Retained Earnings attributable to non-controlling interest	-	-	-	-	0.9	0.9
At 29 June 2024	**24.5**	**1.5**	**(0.5)**	**(785.7)**	**914.5**	**154.3**

£m	Issued share capital	Capital redemption reserve	Employee benefit trust share reserves	Other reserve	Retained earnings	Total equity
At 31 December 2022	26.0	-	(0.7)	(785.7)	924.8	164.4
Total comprehensive income for the period	-	-	-	-	16.0	16.0
Dividends paid (note 10)	-	-	-	-	(18.4)	(18.4)
Own shares purchased for share schemes	-	-	(0.2)	-	-	(0.2)
Equity-settled share-based payments	-	-	0.1	-	2.5	2.6
Owners of the parent	26.0	-	(0.8)	(785.7)	924.9	164.4
Retained Earnings attributable to non-controlling interest	-	-	-	-	-	-
At 1 July 2023	26.0	-	(0.8)	(785.7)	924.9	164.4

£m	Issued share capital	Capital redemption reserve	Employee benefit trust share reserves	Other reserve	Retained earnings	Total equity
At 31 December 2022	26.0	-	(0.7)	(785.7)	924.8	164.4
Total comprehensive income for the period	-	-	-	-	29.8	29.8
Dividends paid (note 10)	-	-	-	-	(27.4)	(27.4)
Share buyback and cancellation	(0.8)	0.8	-	-	(10.1)	(10.1)
Own shares purchased for share schemes	-	-	(0.2)	-	-	(0.2)
Equity-settled share-based payments	-	-	0.2	-	5.4	5.6
Tax on equity-settled share-based payments	-	-	-	-	1.2	1.2
Owners of the parent	25.2	0.8	(0.7)	(785.7)	923.7	163.3
Retained Earnings attributable to non-controlling interest	-	-	-	-	-	-
At 30 December 2023	25.2	0.8	(0.7)	(785.7)	923.7	163.3

Condensed consolidated cash flow statement

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023 (re-presented*)	52 weeks ended 30 December 2023
Cash flows from operating activities			
Operating profit	**34.9**	32.0	62.9
Adjustments for:			
Amortisation of other intangibles assets	**3.1**	3.2	6.6
Depreciation of property, plant and equipment	**11.0**	10.3	21.1
Depreciation of right-of-use assets	**38.5**	36.8	74.2
Impairment of assets	**-**	-	2.7
Reversal of impairment of assets	**-**	-	(3.7)
Losses/(gains) of terminations of leases	**-**	-	0.1
Write off of intangible assets	**-**	1.5	1.5
Derivative fair value losses/(gains)	**(0.5)**	2.6	3.1
Share-based payments	**2.1**	2.6	5.6
Losses on disposal of other intangible assets	**-**	-	0.3
Losses/(gains) on disposal of property, plant and equipment	**0.4**	0.8	2.6
Operating cash flows	**89.5**	89.8	177.0
Decrease / (increase) in inventories	**1.1**	(0.3)	6.1
Decrease / (increase) in receivables	**(3.7)**	10.0	13.4
(Decrease) / increase in payables	**67.4**	75.5	(18.6)
(Decrease) / increase in provisions	**0.1**	1.8	1.7
Cash generated from operations	**154.4**	176.8	179.6
Income taxes paid	**(5.1)**	1.1	(0.3)
Net cash inflow from operating activities	**149.3**	177.9	179.3
Cash flows from investing activities			
Purchases of property, plant and equipment	**(10.4)**	(11.5)	(32.1)
Development of computer software	**(1.7)**	(2.8)	(6.1)
Proceeds on disposal of property, plant and equipment	**-**	-	0.1
Acquisition of business net of cash acquired (note 6)	**(2.3)**	-	-
Interest received	**3.7**	3.4	7.2
Net cash outflow from investing activities	**(10.7)**	(10.9)	(30.9)
Cash flows from financing activities			
Repayment of lease liabilities	**(36.7)**	(44.0)	(84.3)
Interest paid	**(0.8)**	(0.5)	(1.0)
Interest on lease liabilities	**(14.9)**	(13.8)	(28.2)
Lease incentives received	**-**	0.4	0.8
Share buyback	**(11.3)**	-	(10.1)
Dividends paid (note 10)	**(17.6)**	(18.4)	(27.4)
Dividends paid to non-controlling interest (note 10)	**(2.4)**	-	-
Own shares purchased for share schemes	**-**	(0.2)	(0.2)
Net cash outflow from financing activities	**(83.7)**	(76.5)	(150.4)
Net increase/(decrease) in cash and cash equivalents	**54.9**	90.5	(2.0)
Cash and cash equivalents at the beginning of the period	**97.5**	99.5	99.5
Cash and cash equivalents at the end of the period	**152.4**	190.0	97.5

* For details of re-presentation please see note 2

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 derivative financial instruments, available for sale investments, contingent consideration and intangible assets arising from business combinations 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 26 week periods ended 29 June 2024 and 1 July 2023 is unaudited. The 29 June 2024 information has been reviewed by KPMG LLP, the Group's auditor, and a copy of their review report appears on page 27 of this interim report. The 1 July 2023 information was also reviewed by KPMG LLP.

The comparative figures for the 52 weeks ended 30 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 52 week period ended 30 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.

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance 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 52 weeks period ended 30 December 2023.

Going concern

Based on the Group's liquidity position and cash flow projections, including a forward looking severe but plausible scenario, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the duration of the going concern period, being the 12 month period following the date of approval of these interim financial statements, and accordingly they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements, for the period ended 29 June 2024.

Despite a challenging market backdrop the Group continues to be profitable and remains cash generative. At 29 June 2024, cash and cash equivalents stood at £152.4m. In addition, the Group had available an undrawn committed Revolving Credit Facility (RCF) of £80m which expires in March 2028, and which is not forecast to be utilised for a period of at least 12 months.

Net debt stood at £548.6m, relating to lease liabilities of £701.0m included on the balance sheet under IFRS 16, with £86.0m due within one year. The Group has no other debt obligations.

Considering whether the Group's financial statements can be prepared on a going concern basis, the Directors have undertaken a detailed review which entails assessing the Group's current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. In forming their outlook on the future financial performance, the Directors considered the risk of higher business volatility arising from the potential negative impact of the general economic environment.

The Directors' review also included a severe but plausible scenario to assess the impact of a sales reduction of 6% from 2024's expected outturn and a margin reduction of 1%, together with increases to energy costs and staff costs reflecting the current economic uncertainty. Under this severe but plausible scenario the group retains a significant cash balance and does not assume utilisation of the RCF: the severe but plausible scenario does show a covenant breach but, as it does not require use of the facility at any point, this does not indicate a risk to going concern. Nevertheless, if required there are further measures that could be taken to assist with covenant compliance if this was considered necessary, including reducing bonuses and discretionary spend in the short term.

The Directors remain watchful of ongoing pressures on customers and suppliers given the current economic environment, and are aware that the Group is exposed to a number of risks and uncertainties, which could affect the Group's ability to meet its forecasts. 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.

2 Reconciliation of alternative profit measures

Adjusted profit measures are an alternative performance measure used by the Board to monitor the operating performance of the Group. Adjusting items are those items of income and expenditure that, by reference to the Group, are material in size or unusual in nature or incidence and that in the judgement of the Directors should be to ensure both that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant restructurings, incremental costs relating to corporate transactions, significant write downs or impairments (and reversals) of current and non-current assets, the costs of separating the business from the former parent company Travis Perkins Plc's IT systems, the effect of changes in corporation tax rates on deferred tax balances and net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value.

26 weeks ended 29 June 2024

(£m)	Gross profit	Operating profit	Profit before tax	Profit after tax
Statutory performance measures	289.7	34.9	22.9	16.9
Derivative fair value gains	(0.5)	(0.5)	(0.5)	(0.5)
Solar Fast acquisition costs (note 6)	-	0.7	0.7	0.7
Rolling credit facility (RCF) extension costs	-	-	0.3	0.3
Tax on adjusting items	-	-	-	0.1
Total adjustments to statutory performance measures	(0.5)	0.2	0.5	0.6
Adjusted performance measures	**289.2**	**35.1**	**23.4**	**17.5**

26 weeks ended 1 July 2023 (re-presented*)

(£m)	Gross profit	Operating profit	Profit before tax	Profit after tax
Statutory performance measures	294.7	32.0	21.1	16.0
Derivative fair value losses	2.6	2.6	2.6	2.6
IT separation project costs	-	7.4	7.4	7.4
Tax on adjusting items	-	-	-	(2.3)
Total adjustments to statutory performance measures	2.6	10.0	10.0	7.7
Adjusted performance measures	297.3	42.0	31.1	23.7

52 weeks ended 30 December 2023

(£m)	Gross profit	Operating profit	Profit before tax	Profit after tax
Statutory performance measures	565.0	62.9	41.1	29.8
Derivative fair value gains	3.1	3.1	3.1	3.1
Right-of-use asset impairment charge	-	2.7	2.7	2.7
Reversal of impairment of right-of-use asset recognised in prior periods	-	(3.7)	(3.7)	(3.7)
IT separation project costs	-	8.8	8.8	8.8
Tax on adjusting items	-	-	-	(2.6)
Total adjustments to statutory performance measures	3.1	10.9	10.9	8.3
Adjusted performance measures	568.1	73.8	52.0	38.1

Derivative fair value movements

The Group recognises the potential for high levels of foreign exchange rate volatility and looks to mitigate its economic impact on financial performance by hedging planned future foreign currency purchases using foreign currency derivatives. The Group does not take advantage of the hedge accounting rules provided for in IFRS 9 since that standard requires certain stringent criteria to be met to hedge account, which, in the circumstances of the Group, are considered by the Board not to bring any significant economic benefit. As a result, IFRS requires that fair value gains or losses on these derivatives be recognised in the Income Statement.

In order to reflect the economic outcome of the forward contracts (derivatives), the impact of fair value movement on the derivatives has been removed in the underlying results. During the 26 weeks ended 29 June 2024 this adjustment was a net gain of £0.5m (26 weeks ended 1 July 2023: loss of £2.6m; 52 weeks ended 30 December 2023: loss of £3.1m).

Solar Fast acquisition costs

In the 26 week period ended 29 June 2024, the Group acquired a 51% controlling interest in Gasfast Limited (see note 6). As part of the acquisition, incremental fees directly associated with the acquisition were incurred by the Group. These were predominantly related to professional services and considered to be one-off in nature.

Rolling credit facility (RCF) extension costs

The Group incurred fees related to the completion of its "Amend and Extend" of its Rolling Credit Facility during the period, lengthening the term by a further two years to March 2028, with an option of an additional one year extension. The Group does not consider corporate transactions such as this to be required on a regular basis and thus have classified the fees as adjusting.

Right-of-use asset and property, plant and equipment impairment charges and reversals

In the 26 week period ended 29 June 2024, no impairment charge nor impairment reversals (26 week period ended 1 July 2023: none) have been recognised within adjusting items. In the period ended 30 December 2023, 5 stores were identified as impaired with a resulting impairment charge of £2.7m, and 5 were identified as having an impairment reversal of £3.7m, both to right of use assets. Given the size of the gross store impairment charge and reversal, this impairment charge is included within adjusting items. Future revisions to these impairments will also be recognised within adjusting items.

IT separation project costs

IT separation project costs are the costs incurred to enable the Wickes Group to operate an IT environment independent of Travis Perkins Plc. These include the following; the cost of creating standalone versions of existing systems, the cost of transferring data from Travis Perkins Plc to standalone systems, the cost of upgrading legacy systems including moving to “software as a service solutions” and the costs of transitioning the IT and support function into the Wickes environment including the project management costs of all the above. Costs related to the maintenance and licencing of existing systems are included in Adjusted profit as these costs will continue after the separation project is concluded. Where costs meet the definition of an intangible asset they have been capitalised, and future amortisation will be included in Adjusted profit.

***Prior period re-presentation**

In the year ended 30 December 2023 the Directors reconsidered the presentation of net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value relating to economic hedges.

Previously, in the Income Statement for the period ended 1 July 2023, the net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value were presented in net finance costs. In the year ended 30 December 2023 and in the 26 week period to 29 June 2024, these amounts have been presented in cost of sales to reflect that these foreign currency derivatives are entered into to mitigate the foreign exchange volatility arising from the Group’s purchase of inventory. As a result, the prior period income statement has been re-presented to report the net unrealised gains and losses on remeasurement of foreign currency derivatives within cost of sales.

The effect of these adjustments is that the reported cost of sales for the period ending 1 July 2023 has increased by £2.6m and the reported net finance costs have decreased by £2.6m. The revised presentation has no effect on reported profit before tax, cash flows, net assets, or adjusted measures of performance for any period presented.

3 Revenue

The Group has one operating segment in accordance with IFRS 8 'Operating Segments', which is the retail of home improvement products and services, both in stores and online.

The Chief Operating Decision Maker is the Executive Board of Directors. Internal management reports are reviewed by them on a regular basis. Performance of the segment is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation.

The Group identifies two distinct revenue streams within its operating segment which are analysed below. Both revenue streams operate entirely in the United Kingdom. The Group's revenue is driven by a large number of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Retail (product sales)	**633.2**	626.8	1,189.1
Design and Installation (project sales)	**166.7**	200.9	364.7
	799.9	827.7	1,553.8

Revenue reconciliation and like-for-like sales

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Revenue	**799.9**	827.7	1,553.8
Network change	**(10.6)**	(2.7)	(7.8)
Revenue generated by business acquired in the period (note 6)	**(1.5)**	-	-
Revenue (like-for-like basis)	**787.8**	825.0	1,546.0
Prior period revenue	**827.7**	822.3	1,559.0
Prior period network change	**(7.6)**	(3.3)	(8.0)
Prior period revenue (like-for-like basis)	**820.1**	819.0	1,551.0
Increase/(decrease) arising on a like-for-like basis	**(32.3)**	6.0	(5.0)
Like-for-like Sales Growth (%)	**(3.9)%**	0.7%	(0.3)%

Calculating like-for-like revenue enables management to monitor the performance trend of the underlying business period-on-period. It also gives management a good indication of the health of the business compared to competitors.

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches and stores contribute to like-for-like sales once they have been trading for more than 12 months, or for acquisitions once the results have been fully consolidated for 12 months. Revenue included in like-for-like sales is for the equivalent times in both periods being compared. When branches close revenue is excluded from the prior period figures for the months equivalent to the post closure period in the current period. These movements are explained by the Network change amounts. The Network change number varies year on year as it represents a different number of stores.

4 Finance costs

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023 (re-presented*)	52 weeks ended 30 December 2023
Finance income			
Interest receivable	**3.7**	3.4	7.5
	3.7	3.4	7.5
Finance costs			
Interest on lease liabilities	**(14.9)**	(13.8)	(28.2)
Amortisation of loan fees	**(0.2)**	(0.1)	(0.3)
Commitment fee on revolving credit facilities	**(0.3)**	(0.4)	(0.7)
Revolving credit facility amendment costs	**(0.3)**	-	-
Other interest	**-**	-	(0.1)
	(15.7)	(14.3)	(29.3)
Net finance costs	**(12.0)**	(10.9)	(21.8)

* For details of re-presentation please see note 2

5 Tax

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Current tax			
UK corporation tax expense	**7.2**	2.3	10.4
Adjustments in respect of prior periods	**(0.1)**	-	0.1
Total current tax charge	**7.1**	2.3	10.5
Deferred tax			
Deferred tax movement in period	**(1.1)**	2.8	(0.4)
Effect of change in tax rate	**-**	0.2	-
Adjustments in respect of prior periods	**-**	(0.2)	1.2
Total deferred tax credit	**(1.1)**	2.8	0.8
Total tax charge	**6.0**	5.1	11.3

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. The underlying effective tax rate (before adjusting items) for the 26 weeks ended 29 June 2024 is 25.4% (26 weeks ended 1 July 2023: 23.8%, 52 weeks ended 30 December 2023: 27.5%).

6 Acquisition of Gasfast Limited (T/A Solar Fast)

On 21 May 2024, the Group completed the acquisition of a 51% controlling interest in Gasfast Limited ("Gasfast"), the parent company of leading solar installations company Solar Fast ("Solar Fast"). Taking control of Gasfast will enable the group to expand its offering into the fast-growing market for home energy solutions, initially with solar and gas boilers and, in time, air source heat pumps and other services.

The group acquired the 51% equity stake from the Solar Fast founders based on a valuation for 100% of the Business of 7x EBITDA delivered in calendar year 2024, with a minimum valuation for 100% of the Business of £10.0m and a maximum of £36.0m (excluding adjustments for cash, working capital and debt).

The initial aggregate consideration for acquiring the 51% controlling interest amounted to £7.6m, representing £5.1m for the equity shares, less a £0.2m negative working capital adjustment, plus £2.7m for acquired cash, of which £2.5m cash was repaid by dividend post completion.

Since acquisition, Gasfast has contributed revenue of £1.5m and profit of £0.1m to the Group's results. Had the acquisition occurred at the start of the year, management estimates that consolidated revenue would have been £8.2m, and consolidated profit for the year would have been £0.6m. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred at the start of the year.

Contingent Consideration

Total consideration is based on 7x EBITDA, as described above. Any contingent amount due in excess of the initial amount paid is payable in early 2025. At completion and 29 June 2024, considering the estimated range of full year outcomes, no contingent consideration is expected to be payable and has therefore not been recognised.

Acquisition Related Costs

The group incurred acquisition-related costs of £0.7m on legal fees and due diligence costs. These costs have been included in 'administrative expenses'. As set out in note 2, these costs are not related to underlying trading and have therefore been treated as an adjusting item in the disclosed APMs.

Identifiable assets acquired and liabilities assumed

The following table summarises the provisional fair value amounts of assets acquired and liabilities assumed at the date of acquisition.

£m	Provisional fair values
Software	0.1
Brand	0.7
Property, plant and equipment	0.2
Inventories	0.7
Trade and other receivables	0.6
Cash and cash equivalents	5.3
Trade and other payables	(0.7)
Deferred tax liability	(0.2)
Total identifiable net assets acquired	**6.7**
Consideration	
Enterprise value of 51% shareholding	5.1
Acquired cash / net working capital adjustment(1)	2.5
Total consideration	7.6
Acquired assets (51%)	(3.4)
Goodwill	**4.2**

(1) £2.5m was subsequently repaid by way of dividend

The cash flow disclosure of 'Acquisition of business net of cash acquired' of £2.3m represents the £7.6m total consideration, less the Cash and cash equivalents at completion of £5.3m.

Measurement of fair values

The valuation techniques used for measuring the provisional fair value of material assets acquired were as follows.

Leasehold improvements, plant and equipment	Given the nature of these assets, a depreciated replacement cost approach has been taken, aligning to the groups capitalisation and depreciation policies.
Intangible assets	A relief from royalty method was applied to those revenues that Solar Fast is expected to generate independently over a 2 year period. The period selected and royalty rate applied reflect the relative immaturity of the Solar Fast business.
Inventories	The carrying value of these assets is considered to represent fair value, reflecting the estimated selling price, less estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Trade receivables	Trade receivables, representing amounts due from retail customers, totalled £0.4m. The carrying value of these assets is considered to represent fair value, and is stated after providing for £0.1m, which was estimated to be uncollectable at the acquisition date.

Fair values measured on a provisional basis

Given the closeness of the acquisition date to the reporting date, the fair values have been measured provisionally. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition reflects Solar Fast's established operations and assembled workforce which will allow the Group to enter a new market quickly, with lower execution risk, as well as to allow the Group to scale quickly in a segment considered to have a significant near term opportunity. Given the closeness of the acquisition date, the tax treatment of goodwill has not yet been determined and will be confirmed by its inclusion in the annual financial statements.

Measurement of non-controlling interest

For the purposes of the Group's consolidated balance sheet, the Group has elected to measure the 49% non-controlling interest, which at the acquisition date amounted to £3.2m as the proportionate share of Solar Fast's identifiable net assets.

Option to acquire the Non-Controlling Interest

The Group has an option to purchase the remaining 49% of the issued share capital of the Business. This call only option may be exercised during the five years by the Group following completion, in tranches of not less than 10% of the issued share capital, and is based on a valuation of 6x last twelve months EBITDA at the time.

The EBITDA multiple pricing of the option is considered by the Directors to be at fair market value, and therefore is not considered to have any intrinsic value at the date of acquisition or at the reporting period.

To provide a degree of protection to the Group, provisions are in place which would reduce the purchase price of the non-controlling interest by 25% in the event that the employee shareholders were to leave the business over the option period. Given the Group has no contractual obligation or no obligation through economic compulsion to exercise the option and there is no expectation in practice that the leaver provisions will be called upon, the potential discount is not considered to represent a remuneration expense.

7 Trade and other receivables

£m	**As at 29 June 2024**	As at 1 July 2023	As at 30 December 2023
Trade receivables	**45.6**	43.3	33.4
Allowance for expected credit losses	**(0.8)**	(2.0)	(1.0)
	44.8	41.3	32.4
Other receivables	**19.8**	22.2	26.4
Prepayments and accrued income	**13.8**	13.9	15.3
	78.4	77.4	74.1

Trade receivables primarily represent amounts receivable following the delivery of goods purchased through finance agreements or the completion of a Design & Installation project installation and electronic payment transactions with customers that were not received into the bank at the year end. Cash received from third parties providing finance to the Group's customers is recognised in the Cash Flow Statement as an operating cash flow.

A provision for expected credit losses has been recognised at the reporting date through consideration of the ageing profile and the risk of non-recovery. The carrying amount of trade receivables, net of expected credit losses, is considered to be an approximation to its fair value.

Trade receivables on financed sales are ordinarily settled by financing providers; the Group does not retain consumer credit risk in respect of these sales. In a small number of cases, despite the Group having fulfilled its obligations under the installation contract, there may be a technical delay in receiving final settlement from the finance partner. The Group assesses whether these delays may result in amounts ultimately not being received and establishes a credit loss accordingly. Credit risk on credit card transactions is retained by the card issuer.

Other receivables primarily represent amounts due from suppliers to the Group for rebates of £16.3m (as at 1 July 2023: £19.6m, as at 30 December 2023: £24.1m).

8 Share capital

	Allotted No.	£m
Ordinary shares of 10p:		
At 31 December 2022 and 1 July 2023	259,637,998	26.0
Shares cancelled	(7,512,623)	(0.8)
At 30 December 2023	252,125,375	25.2
Shares cancelled	(7,546,896)	(0.7)
At 29 June 2024	**244,578,479**	**24.5**

During the 26 weeks ended 29 June 2024, 7.5m shares were purchased and then cancelled by the Group as part of the share buyback programme. The total consideration of the 26 weeks ended 29 June 2024 of £11.3m was recognised as a charge in retained earnings. The aggregate nominal value of shares cancelled and transferred to the capital redemption reserve was £0.7m. Cumulatively, since the start of the programme to 29 June 2024, 15m shares have been purchased and then cancelled, for total consideration of £21.4m. There was no share buyback programme in the comparative period.

	10 pence ordinary shares	
The Group and Company	Shares	£m
EBT share reserves		
At 31 December 2022	6,818,863	0.7
Shares released to participants	(818,140)	(0.1)
Own shares purchased for share schemes	170,000	0.2
At 1 July 2023	6,170,723	0.8
Shares released to participants	(252,625)	(0.1)
At 31 December 2023	5,918,098	0.7
Shares released to participants	(939,101)	(0.2)
At 29 June 2024	**4,978,997**	**0.5**

9 Earnings per share

a) Basic and diluted earnings per share

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Profit attributable to the owners of the parent	**16.8**	16.0	29.8
No.			
Weighted average number of shares in issue	**243,675,493**	253,180,462	252,503,168
Dilutive effect of share options	**2,568,148**	2,487,776	2,804,387
Weighted average number of shares for diluted earnings per share	**246,243,641**	255,668,238	255,307,555
Basic earnings per share	**6.9p**	6.3p	11.8p
Diluted earnings per share	**6.8p**	6.3p	11.7p

b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effects of the adjusting items from earnings.

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Profit attributable to the owners of the parent from continuing operations	**16.8**	16.0	29.8
Adjusting items before tax	**0.5**	10.0	10.9
Tax on adjusting items	**0.1**	(2.3)	(2.6)
Adjusting items after tax (note 2)	**0.6**	7.7	8.3
Earnings for adjusted earnings per share	**17.4**	23.7	38.1
Adjusted basic earnings per share	**7.1p**	9.4p	15.1p
Adjusted diluted earnings per share	**7.1p**	9.3p	14.9p

10 Dividends

The following amounts were recognised in the financial statements as distributions to equity shareholders of Wickes Group PLC in the following periods:

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Interim dividend for the 52 weeks ended 30 December 2023 of 3.6 pence (31 December 2022: 3.6 pence)	**-**	-	9.1
Final dividend for the 52 weeks ended 30 December 2023 of 7.3 pence (31 December 2022: 7.3 pence)	**17.6**	18.4	18.3

An interim dividend of 3.6p is proposed in respect of the 52 weeks ending 28 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 Record Date). The shares will be quoted ex-dividend on 3 October 2024.

Shareholders may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 18 October 2024.

In the post-acquisition period, a dividend was paid by Gasfast of £2.4m to its non-controlling interest.

11 Borrowings

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

£m	**As at 29 June 2024**	As at 1 July 2023	As at 30 December 2023
Undrawn facilities:			
4-year committed revolving credit facility (expires March 2028)	**80.0**	80.0	80.0
	80.0	80.0	80.0

During the period ended 29 June 2024, the Group completed an "Amend and Extend" of its Rolling Credit Facility, lengthening the term by a further two years to March 2028, with an option for an additional one year extension. Total commitments on the facility are £80m, with a further £20m optional accordion facility.

The Group does not have an overdraft facility as at 29 June 2024 (1 July 2023 and 30 December 2023: no facility)

12 Net debt

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	52 weeks ended 30 December 2023
Cash and cash equivalents at beginning of the period	**97.5**	99.5	99.5
(Increase)/decrease in cash and cash equivalents – Other	**54.9**	90.5	(2.0)
Cash and cash equivalents at period end	**152.4**	190.0	97.5
Debt at beginning of the period	**(675.8)**	(691.3)	(691.3)
Cash flows from repayment of lease liabilities	**51.6**	57.8	112.5
Discount unwind on lease liability	**(14.9)**	(13.8)	(28.2)
Lease additions	**(26.8)**	(11.2)	(22.2)
Lease modifications	**(35.1)**	(12.0)	(46.0)
Lease incentives received	**-**	(0.4)	(0.8)
Lease terminations	**-**	-	0.2
Debt at period end	**(701.0)**	(670.9)	(675.8)
Net debt at beginning of the period	**(578.3)**	(591.8)	(591.8)
Net debt at period end	**(548.6)**	(480.9)	(578.3)

Balances

£m			
Cash and cash equivalents	**152.4**	190.0	97.5
Current lease liabilities	**(86.0)**	(78.3)	(79.8)
Non-current lease liabilities	**(615.0)**	(592.6)	(596.0)
Net debt	**(548.6)**	(480.9)	(578.3)

13 Related party transactions

The Group has a related party relationship with its subsidiaries and with its Directors. There have been no related party transactions with Directors other than in respect of remuneration.

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

David Wood
Chief Executive
9 September 2024

Mark George
Chief Financial Officer
9 September 2024

INDEPENDENT REVIEW REPORT TO WICKES GROUP PLC

Conclusion

We have been engaged by Wickes Group Plc ("the Company") to review the condensed set of financial statements in the Interim Results 2024 for the 26 weeks ended 29 June 2024 which comprises the Condensed consolidated income statement and statement of comprehensive income, the Condensed consolidated balance sheet, the Condensed consolidated statement of changes in equity, the 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 Interim Results 2024 for the 26 weeks ended 29 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 Interim Results 2024 is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results 2024 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 Interim Results 2024 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 Interim Results 2024 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.

Andrew Cawthray

for and on behalf of
KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

9 September 2024