

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Half year ended 31 July 2023			Half year ended 31 July 2022		
		Before adjusting items	Adjusting items (note 5)	Total	Before adjusting items	Adjusting items (note 5)	Total
Sales	4	6,880	–	6,880	6,809	–	6,809
Cost of sales		(4,385)	–	(4,385)	(4,313)	–	(4,313)
Gross profit		2,495	–	2,495	2,496	–	2,496
Selling and distribution expenses		(1,605)	(21)	(1,626)	(1,549)	1	(1,548)
Administrative expenses		(511)	–	(511)	(434)	–	(434)
Other income		12	2	14	11	1	12
Share of post-tax results of joint ventures and associates		(5)	–	(5)	5	–	5
Operating profit	4	386	(19)	367	529	2	531
Finance costs		(64)	–	(64)	(65)	–	(65)
Finance income		14	–	14	8	–	8
Net finance costs	6	(50)	–	(50)	(57)	–	(57)
Profit before taxation		336	(19)	317	472	2	474
Income tax expense	7	(87)	7	(80)	(104)	3	(101)
Profit for the period		249	(12)	237	368	5	373
Earnings per share	8						
Basic				12.4p			18.6p
Diluted				12.2p			18.3p
Adjusted basic				13.0p			18.3p
Adjusted diluted				12.8p			18.0p

The proposed interim ordinary dividend for the period ended 31 July 2023 is 3.80p per share (2022/23: 3.80p per share).

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Year ended 31 January 2023		Total
		Before adjusting items	Adjusting items (note 5)	
Sales	4	13,059	–	13,059
Cost of sales		(8,264)	–	(8,264)
Gross profit		4,795	–	4,795
Selling and distribution expenses		(3,087)	(136)	(3,223)
Administrative expenses		(868)	(12)	(880)
Other income		25	1	26
Share of post-tax results of joint ventures and associates		5	–	5
Operating profit	4	870	(147)	723
Finance costs		(129)	–	(129)
Finance income		17	–	17
Net finance costs	6	(112)	–	(112)
Profit before taxation		758	(147)	611
Income tax expense	7	(169)	29	(140)
Profit for the year		589	(118)	471
Earnings per share	8			
Basic				23.8p
Diluted				23.5p
Adjusted basic				29.7p
Adjusted diluted				29.4p

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Notes	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Profit for the period		237	373	471
Remeasurements of post-employment benefits	11	(9)	(14)	(278)
Inventory cash flow hedges – fair value (losses)/gains		(40)	113	58
Tax on items that will not be reclassified		14	(24)	85
Total items that will not be reclassified subsequently to profit or loss		(35)	75	(135)
Currency translation differences				
Group		(10)	(22)	129
Joint ventures and associates		(4)	(1)	11
Transferred to income statement		(2)	–	–
Inventory cash flow hedges – losses/(gains) transferred to income statement		9	–	(5)
Total items that may be reclassified subsequently to profit or loss		(7)	(23)	135
Other comprehensive (expense)/income for the period		(42)	52	–
Total comprehensive income for the period		195	425	471

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£ millions	Half year ended 31 July 2023						
	Share capital (note 13)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2023	305	2,228	(22)	3,796	71	285	6,663
Profit for the period	-	-	-	237	-	-	237
Other comprehensive expense for the period	-	-	-	(4)	-	(38)	(42)
Total comprehensive income/(expense) for the period	-	-	-	233	-	(38)	195
Inventory cash flow hedges – losses transferred to inventories	-	-	-	-	-	12	12
Share-based compensation	-	-	-	12	-	-	12
New shares issued under share schemes	-	-	-	2	-	-	2
Own shares issued under share schemes	-	-	9	(9)	-	-	-
Purchase of own shares for cancellation	(6)	-	-	(103)	6	-	(103)
Purchase of own shares for ESOP trust	-	-	(24)	-	-	-	(24)
Dividends	-	-	-	(165)	-	-	(165)
Tax on equity items	-	-	-	-	-	(4)	(4)
At 31 July 2023	299	2,228	(37)	3,766	77	255	6,588

£ millions	Half year ended 31 July 2022						
	Share capital (note 13)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2022	325	2,228	(46)	4,025	50	196	6,778
Profit for the period	-	-	-	373	-	-	373
Other comprehensive (expense)/income for the period	-	-	-	(10)	-	62	52
Total comprehensive income for the period	-	-	-	363	-	62	425
Inventory cash flow hedges – gains transferred to inventories	-	-	-	-	-	(61)	(61)
Share-based compensation	-	-	-	11	-	-	11
New shares issued under share schemes	-	-	-	2	-	-	2
Own shares issued under share schemes	-	-	17	(17)	-	-	-
Purchase of own shares for cancellation	(13)	-	-	(225)	13	-	(225)
Dividends	-	-	-	(172)	-	-	(172)
Tax on equity items	-	-	-	(1)	-	14	13
At 31 July 2022	312	2,228	(29)	3,986	63	211	6,771

£ millions	Year ended 31 January 2023						
	Share capital (note 13)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2022	325	2,228	(46)	4,025	50	196	6,778
Profit for the year	-	-	-	471	-	-	471
Other comprehensive (expense)/income for the year	-	-	-	(181)	-	181	-
Total comprehensive income/(expense) for the year	-	-	-	290	-	181	471
Inventory cash flow hedges – gains transferred to inventories	-	-	-	-	-	(117)	(117)
Share-based compensation	-	-	-	19	-	-	19
New shares issued under share schemes	1	-	-	7	-	-	8
Own shares issued under share schemes	-	-	24	(24)	-	-	-
Purchase of own shares for cancellation	(21)	-	-	(275)	21	-	(275)
Dividends	-	-	-	(246)	-	-	(246)
Tax on equity items	-	-	-	-	-	25	25
At 31 January 2023	305	2,228	(22)	3,796	71	285	6,663

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 31 July 2023	At 31 July 2022	At 31 January 2023
Non-current assets				
Goodwill		2,407	2,424	2,408
Other intangible assets	10	372	353	371
Property, plant and equipment	10	3,168	3,086	3,205
Investment property	10	28	33	30
Right-of-use assets		1,934	1,842	1,947
Investments in joint ventures and associates		12	20	30
Post-employment benefits	11	243	542	251
Deferred tax assets		19	9	16
Other tax authority asset	17	67	64	64
Derivative assets	12	–	2	–
Other receivables		16	17	19
		8,266	8,392	8,341
Current assets				
Inventories		3,132	3,138	3,070
Trade and other receivables		393	364	347
Derivative assets	12	4	82	16
Current tax assets		44	37	40
Cash and cash equivalents		344	496	286
Assets held for sale		3	5	3
		3,920	4,122	3,762
Total assets		12,186	12,514	12,103
Current liabilities				
Trade and other payables		(2,665)	(2,891)	(2,483)
Borrowings	12	(28)	(17)	(16)
Lease liabilities		(350)	(334)	(343)
Derivative liabilities	12	(54)	(13)	(47)
Current tax liabilities		(2)	(19)	–
Provisions		(9)	(16)	(10)
		(3,108)	(3,290)	(2,899)
Non-current liabilities				
Other payables		(4)	(10)	(4)
Borrowings	12	(101)	(1)	(102)
Lease liabilities		(2,048)	(1,984)	(2,101)
Derivative liabilities	12	(3)	–	(5)
Deferred tax liabilities		(207)	(310)	(205)
Provisions		(11)	(12)	(10)
Post-employment benefits	11	(116)	(136)	(114)
		(2,490)	(2,453)	(2,541)
Total liabilities		(5,598)	(5,743)	(5,440)
Net assets		6,588	6,771	6,663
Equity				
Share capital	13	299	312	305
Share premium		2,228	2,228	2,228
Own shares held in ESOP trust		(37)	(29)	(22)
Retained earnings		3,766	3,986	3,796
Capital redemption reserve		77	63	71
Other reserves	14	255	211	285
Total equity		6,588	6,771	6,663

The interim financial report was approved by the Board of Directors on 18 September 2023 and signed on its behalf by:

Thierry Garnier, Chief Executive Officer

Bernard Bot, Chief Financial Officer

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Operating activities				
Cash generated by operations	15	796	584	984
Income tax paid		(68)	(75)	(130)
French tax authority payment		–	(34)	(34)
Net cash flows from operating activities		728	475	820
Investing activities				
Purchase of property, plant and equipment and intangible assets		(164)	(184)	(449)
Disposal of property, plant and equipment, assets held for sale and intangible assets		–	1	2
Purchase of businesses		(3)	–	–
Disposal of subsidiaries and associates		9	–	8
Interest received		7	1	5
Interest element of lease rental receipts		–	1	1
Principal element of lease rental receipts		1	2	3
Advance payments on right-of-use assets		(1)	(2)	(7)
Advance receipts on right-of-use assets		–	2	2
Dividends received from joint ventures and associates		–	1	3
Net cash flows used in investing activities		(151)	(178)	(432)
Financing activities				
Interest paid		(2)	(3)	(5)
Interest element of lease rental payments		(62)	(62)	(124)
Principal element of lease rental payments		(176)	(164)	(329)
Issue of fixed term debt		–	–	99
New shares issued under share schemes		2	2	8
Purchase of own shares for cancellation		(99)	(218)	(337)
Purchase of own shares for ESOP trust		(24)	(9)	(9)
Ordinary dividends paid to equity shareholders of the Company	9	(165)	(172)	(246)
Net cash flows used in financing activities		(526)	(626)	(943)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts				
		51	(329)	(555)
Cash and cash equivalents and bank overdrafts at beginning of period		270	809	809
Exchange differences		(4)	(1)	16
Cash and cash equivalents and bank overdrafts at end of period		317	479	270

Kingfisher plc
2023/24 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Kingfisher plc ('the Company'), its subsidiaries, joint ventures and associates (together 'the Group') supply home improvement products and services through a network of retail stores and other channels, located mainly in the United Kingdom and continental Europe.

The Company is incorporated in England and Wales, United Kingdom, and is listed on the London Stock Exchange. The address of its registered office is One Paddington Square, London, W2 1GG.

The interim financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 31 January 2023 were approved by the Board of Directors on 20 March 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006. The interim financial report has been reviewed, not audited, and was approved by the Board of Directors on 18 September 2023.

2. Basis of preparation

The interim financial report for the six months ended 31 July 2023 ('the half year') has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom. It should be read in conjunction with the annual financial statements for the year ended 31 January 2023, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) as issued by the IASB. The consolidated income statement and related notes represent results for continuing operations, there being no discontinued operations in the periods presented. Where comparatives are given, '2022/23' refers to the six months ended 31 July 2022.

Going concern

Based on the Group's liquidity position and cash flow projections, including a forward-looking remote downside scenario, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period not less than 12 months from the date of this report, and they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements for the period ended 31 July 2023.

Considering whether the Group's condensed consolidated financial statements can be prepared on a going concern basis, the Directors have reviewed the Group's business activities together with factors likely to affect its performance, financial position and access to liquidity (including consideration of financial covenants). As of 31 July 2023, the Group had access to over £800m in total liquidity, including cash and cash equivalents of £317m (net of bank overdrafts) and access to a £550m revolving credit facility (RCF), of which £504m is due to expire in May 2026 and £46m in May 2025.

In forming their outlook on the future financial performance, the Directors considered the risk of higher business volatility and the potential negative impact of the general economic environment on household and trade spend.

The Directors' review also included consideration of a remote scenario that models the impact of a significant demand or supply shock preventing the Group from realising a large part of its sales over the period of a month followed by subdued demand for the following 11 months. The total loss of sales in this scenario is c.£1.4bn (10% over the impacted period). The scenario assumes the impact of lost sales is partially offset by a limited set of mitigating actions on variable and discretionary costs, capital expenditure and the suspension of capital returns to shareholders. Even under this remote scenario, which requires drawing on the RCF for a few months, the Group retains sufficient liquidity and remains in compliance with financial covenants on credit facilities. Should a more extreme scenario occur than currently forecast by the Directors under this remote scenario, the Group would need to implement additional operational or financial measures.

New and amended accounting standards

New standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 January 2024, but they do not have a material impact on the interim financial report.

Principal rates of exchange against Sterling

	Half year ended 31 July 2023		Half year ended 31 July 2022		Year ended 31 January 2023	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro	1.15	1.17	1.18	1.19	1.17	1.13
US Dollar	1.24	1.29	1.27	1.22	1.23	1.23
Polish Zloty	5.25	5.14	5.53	5.64	5.48	5.34
Romanian Leu	5.66	5.77	5.85	5.87	5.76	5.58
Turkish Lira*	34.61	34.61	19.67	21.82	23.18	23.18

* The 31 July 2023 and 31 January 2023 Turkish Lira average exchange rates represent the closing rates for the periods, due to the application of hyperinflation accounting in Turkey.

Risks and uncertainties

The principal risks and uncertainties to which the Group is exposed are set out on pages 51-58 of the Kingfisher plc Annual Report and Accounts for the year ended 31 January 2023. These have been reviewed as part of the Group's half year procedures and are listed in the Financial Review.

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that retail profit, adjusted pre-tax profit, adjusted effective tax rate, and adjusted earnings per share provide additional useful information on performance and trends to shareholders. These and other non-GAAP measures (also known as 'Alternative Performance Measures'), such as net debt, are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'adjusting items', 'adjusted', 'adjusted effective tax rate', 'net cashflow' and 'net debt' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs, the Group's share of interest and tax of joint ventures and associates and adjusting items. Central costs principally comprise the costs of the Group's head office before adjusting items.

Adjusting items, which are presented separately within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Group's ongoing trading performance. Adjusting items may include, but are not limited to:

- non-trading items included in operating profit such as profits and losses on the disposal, closure, exit or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's ongoing trading activities;
- the costs of significant restructuring and incremental acquisition integration costs;
- profits and losses on the disposal/exit of properties, impairments of goodwill and significant impairments (or impairment reversals) of other non-current assets;
- prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items;
- financing fair value remeasurements i.e. changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value (or non-designated) hedge relationships. Financing derivatives are those that relate to hedged items of a financing nature.

The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding adjusting items.

The adjusted effective tax rate is calculated as continuing income tax expense excluding prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items, divided by continuing profit before taxation excluding adjusting items. Prior year tax items represent income statement tax relating to underlying items originally arising in prior years, including the impact of changes in tax rates on deferred tax. The exclusion of items relating to prior years, and those not in the ordinary course of business, helps provide an indication of the Group's ongoing rate of tax.

Net debt comprises lease liabilities, borrowings and financing derivatives (excluding accrued interest) less cash and cash equivalents and short-term deposits, including such balances classified as held for sale.

Refer to the Financial Review for definitions of all of the Group's Alternative Performance Measures, including further information on why they are used and details of where reconciliations to statutory measures can be found where applicable.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2023, as described in note 2 of those financial statements, except where set out below. The critical accounting estimates and judgements are set out in note 3 of the annual financial statements for the year ended 31 January 2023 and remain unchanged.

Taxes on income for interim periods are accrued using the best estimate of the effective tax rate that would be applicable to expected total annual earnings.

4. Segmental analysis

Income statement

	Half year ended 31 July 2023					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Sales	3,346	2,311	880	343	1,223	6,880
Retail profit/(loss)	306	104	35	(12)	23	433
Central costs						(36)
Share of interest and tax of joint ventures and associates						(11)
Adjusting items						(19)
Operating profit						367
Net finance costs						(50)
Profit before taxation						317

	Half year ended 31 July 2022					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Sales	3,221	2,325	913	350	1,263	6,809
Retail profit/(loss)	339	129	94	(7)	87	555
Central costs						(26)
Adjusting items						2
Operating profit						531
Net finance costs						(57)
Profit before taxation						474

	Year ended 31 January 2023					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Sales	6,200	4,452	1,734	673	2,407	13,059
Retail profit/(loss)	603	195	148	(23)	125	923
Central costs						(49)
Share of interest and tax of joint ventures and associates						(4)
Adjusting items						(147)
Operating profit						723
Net finance costs						(112)
Profit before taxation						611

Balance sheet

	At 31 July 2023					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Segment assets	2,974	1,784	1,186	352	1,538	6,296
Central assets						66
Goodwill						2,407
Net debt						(2,181)
Net assets						6,588

	At 31 July 2022					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Segment assets	3,198	1,753	988	301	1,289	6,240
Central liabilities						(45)
Goodwill						2,424
Net debt						(1,848)
Net assets						6,771

At 31 January 2023

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Segment assets	3,084	1,914	1,106	366	1,472	6,470
Central assets						59
Goodwill						2,408
Net debt						(2,274)
Net assets						6,663

The operating segments disclosed above are based on the information reported internally to the Board of Directors and Group Executive, representing the geographical areas in which the Group operates. The Group only has one reportable business segment, being the supply of home improvement products and services. The majority of the sales in each geographical area are derived from in-store and online sales of products.

The 'Other International' segment consists of Poland, Iberia, Romania, the joint venture Koçtaş in Turkey, NeedHelp, Screwfix International and results from franchise agreements. Poland has been shown separately due to its significance.

Central costs principally comprise the costs of the Group's head office. Central assets and liabilities comprise unallocated head office and other central items including pensions, insurance, interest and tax.

The Group's sales, although generally not highly seasonal on a half yearly basis, do increase over the Easter period and during the summer months leading to slightly higher sales usually being recognised in the first half of the year. However, due to the continued uncertainty around the current macro-economic environment, the phasing of sales is less predictable.

5. Adjusting items

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Included within selling and distribution expenses			
Net store asset impairment losses	(14)	–	(139)
Operating model restructuring	(7)	–	–
Release of France and other restructuring provisions	–	1	3
	(21)	1	(136)
Included within administrative expenses			
Romania goodwill impairment	–	–	(16)
Release of Castorama Russia disposal warranty liability	–	–	4
	–	–	(12)
Included within other income			
Profit on disposal of Crealfi associate investment	2	–	–
Profit on exit of properties	–	1	1
	2	1	1
Adjusting items before tax	(19)	2	(147)
Prior year and other adjusting tax items	7	3	29
Adjusting items	(12)	5	(118)

In consideration of H1 2023/24 performance to date, we have revised future projections for a number of stores across the Group's portfolio. This has resulted in the recognition of £14m of net store impairment charges in the period. These charges have been recorded principally in France, Poland and Romania.

During the period, the Group commenced formal consultation with employee representatives regarding a proposed Group Technology operating model restructuring programme. Operating model restructuring costs of £7m have been recorded in the period, primarily related to this programme. The total cost is expected to be c.£15m by FY 2024/25.

On 30 June 2023, the Group completed the disposal of its 49% interest in its French associate investment Crealfi S.A., for cash proceeds of £9m, resulting in a gain on disposal of £2m.

Prior year and other adjusting tax items relate principally to deferred tax credits recorded in respect of the impairment and restructuring expenses noted above, movements in prior year provisions to reflect a reassessment of expected outcomes, and refunds from tax authorities.

Refer to note 5 of the 2022/23 interim accounts for further details on adjusting items for the half year ended 31 July 2022, and to note 6 of the 2022/23 annual accounts for further details on adjusting items for the year ended 31 January 2023.

6. Net finance costs

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Bank overdrafts, bank loans and derivatives	–	(3)	(3)
Fixed term debt	(2)	–	(2)
Lease liabilities	(62)	(62)	(124)
Finance costs	(64)	(65)	(129)
Cash and cash equivalents and short-term deposits	7	1	5
Net interest income on defined benefit pension schemes	4	6	11
Other interest income	3	–	–
Finance lease income	–	1	1
Finance income	14	8	17
Net finance costs	(50)	(57)	(112)

7. Income tax expense

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
UK corporation tax			
Current tax on profits for the period	(46)	(29)	(44)
Adjustments in respect of prior years	1	–	3
	(45)	(29)	(41)
Overseas tax			
Current tax on profits for the period	(24)	(49)	(77)
Adjustments in respect of prior years	2	–	4
	(22)	(49)	(73)
Deferred tax			
Current period	(13)	(26)	(25)
Adjustments in respect of prior years	–	1	(3)
Adjustments in respect of changes in tax rates	–	2	2
	(13)	(23)	(26)
Income tax expense	(80)	(101)	(140)

The adjusted effective tax rate on profit before adjusting items is 26% (2022/23: 22%), representing the best estimate of the effective rate for the full financial year. The adjusted effective tax rate on the same basis for the year ended 31 January 2023 was 22%. The adjusted effective tax rate calculation is set out in the Financial Review in part 1 of this announcement.

8. Earnings per share

Pence	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Basic earnings per share	12.4	18.6	23.8
Effect of dilutive share options	(0.2)	(0.3)	(0.3)
Diluted earnings per share	12.2	18.3	23.5
Basic earnings per share	12.4	18.6	23.8
Adjusting items before tax	1.0	(0.1)	7.4
Prior year and other adjusting tax items	(0.4)	(0.2)	(1.5)
Adjusted basic earnings per share	13.0	18.3	29.7
Diluted earnings per share	12.2	18.3	23.5
Adjusting items before tax	1.0	(0.1)	7.3
Prior year and other adjusting tax items	(0.4)	(0.2)	(1.4)
Adjusted diluted earnings per share	12.8	18.0	29.4

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company. A reconciliation of statutory earnings to adjusted earnings is set out below:

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Earnings	237	373	471
Adjusting items before tax	19	(2)	147
Prior year and other adjusting tax items	(7)	(3)	(29)
Adjusted earnings	249	368	589

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust ('ESOP trust'), is set out below:

Weighted average number of shares (millions)	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Basic	1,918	2,012	1,980
Diluted	1,943	2,035	2,002

9. Dividends

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Dividends to equity shareholders of the Company			
Ordinary final dividend for the year ended 31 January 2023 of 8.60p per share	165	–	–
Ordinary interim dividend for the year ended 31 January 2023 of 3.80p per share	–	–	74
Ordinary final dividend for the year ended 31 January 2022 of 8.60p per share	–	172	172
	165	172	246

The proposed interim ordinary dividend for the period ended 31 July 2023 is 3.80p per share (2022/23: 3.80p per share).

10. Property, plant and equipment, investment property and other intangible assets

Additions to the cost of property, plant and equipment, investment property and other intangible assets are £152m (2022/23: £174m) and for the year ended 31 January 2023 were £452m. Disposals in net book value of property, plant and equipment, investment property, property assets held for sale and other intangible assets are £nil (2022/23: £1m) and for the year ended 31 January 2023 were £2m.

Capital commitments contracted but not provided for at the end of the period are £50m (2022/23: £55m) and at 31 January 2023 were £19m.

11. Post-employment benefits

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Net surplus in schemes at beginning of period	137	410	410
Current service cost	(7)	(6)	(13)
Administration costs	(2)	(2)	(4)
Net interest income	4	6	11
Net remeasurement losses	(9)	(14)	(278)
Contributions paid by employer	–	13	18
Exchange differences	4	(1)	(7)
Net surplus in schemes at end of period	127	406	137
UK	243	542	251
Overseas	(116)	(136)	(114)
Net surplus in schemes at end of period	127	406	137
Present value of defined benefit obligations	(1,916)	(2,408)	(2,113)
Fair value of scheme assets	2,043	2,814	2,250
Net surplus in schemes at end of period	127	406	137

The assumptions used in calculating the costs and obligations of the Group's defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations, as illustrated in the sensitivity analysis provided in note 28 of the annual financial statements for the year ended 31 January 2023.

A full actuarial valuation of the scheme is carried out every three years by an independent actuary for the Trustee and the last full valuation was carried out as at 31 March 2022. Following this valuation and in accordance with the scheme's Statement of Funding Principles, The Trustee and Kingfisher agreed to cease annual employer contributions during the period from August 2022 to July 2025. This agreement was reached with reference to a funding objective that targets a longer-term, low risk funding position in excess of the minimum statutory funding requirements. This longer-term objective is based on the principles of the scheme reaching a point where it can provide benefits to members with a high level of security, thereby limiting its reliance on the employer for future support. The Company monitors the scheme funding level on a regular basis and will reassess with the scheme Trustee the appropriate level of contributions at future valuations.

A key assumption in valuing the pension obligation is the discount rate. Accounting standards require this to be set based on market yields on high-quality corporate bonds at the balance sheet date. The UK scheme discount rate is derived using a single equivalent discount rate approach, based on the yields available on a portfolio of high-quality Sterling corporate bonds with the same duration as that of the scheme liabilities.

The principal financial assumptions for the UK scheme, being the Group's principal defined benefit scheme, are set out below:

Annual % rate	At 31 July 2023	At 31 July 2022	At 31 January 2023
Discount rate	5.15	3.40	4.50
Rate of pension increases	3.05	3.20	3.15

12. Financial instruments

The Group holds the following derivative financial instruments at fair value:

£ millions	At 31 July 2023	At 31 July 2022	At 31 January 2023
Foreign exchange contracts	4	84	16
Derivative assets	4	84	16

£ millions	At 31 July 2023	At 31 July 2022	At 31 January 2023
Foreign exchange contracts	(57)	(13)	(52)
Derivative liabilities	(57)	(13)	(52)

The fair values are calculated by discounting future cash flows arising from the instruments and adjusted for credit risk. These fair value measurements are all made using observable market rates of interest, foreign exchange and credit risk. All the derivatives held by the Group at fair value are considered to have fair values determined by level 2 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement', representing significant observable inputs other than quoted prices in active markets for identical assets or liabilities. There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

Except as detailed in the following table of borrowings, the carrying amounts of financial instruments (excluding lease liabilities) recorded at amortised cost in the financial statements are approximately equal to their fair values. Where available, market values have been used to determine the fair values of borrowings. Where market values are not available or are not reliable, fair values have been calculated by discounting cash flows at prevailing interest and foreign exchange rates. This has resulted in level 2 inputs for borrowings as defined by the IFRS 13 fair value hierarchy.

£ millions	Carrying amount		
	At 31 July 2023	At 31 July 2022	At 31 January 2023
Bank overdrafts	27	17	16
Bank loans	3	1	3
Fixed term debt	99	–	99
Borrowings	129	18	118

£ millions	Fair value		
	At 31 July 2023	At 31 July 2022	At 31 January 2023
Bank overdrafts	27	17	16
Bank loans	4	1	3
Fixed term debt	107	–	102
Borrowings	138	18	121

Cash and borrowings balances at 31 July 2023, 31 July 2022 and 31 January 2023 reflect the grossing up of cash and overdraft balances subject to the Group's cash pooling arrangements to ensure the Group's presentation of these balances is in line with the requirements for offsetting in accordance with IAS 32.

Fixed term debt comprises a £50m term loan maturing in December 2024 and a £50m term loan maturing in January 2025.

As at 31 July 2023, the Group had an undrawn revolving credit facility (RCF) of £550m, of which £504m is due to expire in May 2026 and £46m in May 2025 (2022/23: £550m RCF due to expire in May 2025). As at 31 January 2023, the Group had an undrawn RCF of £550m due to expire in May 2025.

13. Share capital

	Number of ordinary shares millions	Ordinary share capital £ millions
Allotted, called up and fully paid:		
At 1 February 2023	1,940	305
New shares issued under share schemes	2	–
Purchase of own shares for cancellation	(41)	(6)
At 31 July 2023	1,901	299
At 1 February 2022	2,066	325
New shares issued under share schemes	1	–
Purchase of own shares for cancellation	(82)	(13)
At 31 July 2022	1,985	312
At 1 February 2022	2,066	325
New shares issued under share schemes	5	1
Purchase of own shares for cancellation	(131)	(21)
At 31 January 2023	1,940	305

Ordinary shares have a par value of 15⁵/₇ pence per share and carry full voting, dividend and capital distribution rights.

During the period the Group purchased 41 million of the Company's own shares for cancellation at a cost of £99m as part of its capital returns programme.

14. Other reserves

£ millions	Half year ended 31 July 2023			
	Translation reserve	Cash flow hedge reserve	Other	Total
At 1 February 2023	150	(24)	159	285
Inventory cash flow hedges - fair value losses	–	(40)	–	(40)
Tax on items that will not be reclassified subsequently to profit or loss	–	9	–	9
Currency translation differences				
Group	(10)	–	–	(10)
Joint ventures and associates	(4)	–	–	(4)
Transferred to income statement	(2)	–	–	(2)
Inventory cash flow hedges – losses transferred to income statement	–	9	–	9
Other comprehensive expense for the period	(16)	(22)	–	(38)
Inventory cash flow hedges - losses transferred to inventories	–	12	–	12
Tax on equity items	–	(4)	–	(4)
At 31 July 2023	134	(38)	159	255

£ millions	Half year ended 31 July 2022			
	Translation reserve	Cash flow hedge reserve	Other	Total
At 1 February 2022	10	27	159	196
Inventory cash flow hedges - fair value gains	–	113	–	113
Tax on items that will not be reclassified subsequently to profit or loss	–	(28)	–	(28)
Currency translation differences				
Group	(22)	–	–	(22)
Joint ventures and associates	(1)	–	–	(1)
Other comprehensive (expense)/income for the period	(23)	85	–	62
Inventory cash flow hedges - gains transferred to inventories	–	(61)	–	(61)
Tax on equity items	(1)	15	–	14
At 31 July 2022	(14)	66	159	211

£ millions	Year ended 31 January 2023			
	Translation reserve	Cash flow hedge reserve	Other	Total
At 1 February 2022	10	27	159	196
Inventory cash flow hedges - fair value gains	–	58	–	58
Tax on items that will not be reclassified subsequently to profit or loss	–	(12)	–	(12)
Currency translation differences				
Group	129	–	–	129
Joint ventures and associates	11	–	–	11
Inventory cash flow hedges – gains transferred to income statement	–	(5)	–	(5)
Other comprehensive income for the year	140	41	–	181
Inventory cash flow hedges - gains transferred to inventories	–	(117)	–	(117)
Tax on equity items	–	25	–	25
At 31 January 2023	150	(24)	159	285

15. Cash generated by operations

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Operating profit	367	531	723
Share of post-tax results of joint ventures and associates	5	(5)	(5)
Depreciation and amortisation	315	282	582
Net impairment charges	14	–	155
Gain on disposal of investments in associates	(2)	–	–
Lease gains	(1)	(2)	(2)
Share-based compensation charge	12	11	19
Increase in inventories	(89)	(395)	(234)
Increase in trade and other receivables	(53)	(59)	(44)
Increase/(decrease) in trade and other payables	219	231	(196)
Movement in provisions	–	(5)	(13)
Movement in post-employment benefits	9	(5)	(1)
Cash generated by operations	796	584	984

16. Net debt

£ millions	At 31 July 2023	At 31 July 2022	At 31 January 2023
Cash and cash equivalents	344	496	286
Bank overdrafts	(27)	(17)	(16)
Cash and cash equivalents and bank overdrafts	317	479	270
Bank loans	(3)	(1)	(3)
Fixed term debt	(99)	–	(99)
Lease liabilities	(2,398)	(2,318)	(2,444)
Net financing derivatives	2	(8)	2
Net debt	(2,181)	(1,848)	(2,274)

£ millions	Half year ended 31 July 2023	Half year ended 31 July 2022	Year ended 31 January 2023
Net debt at beginning of period	(2,274)	(1,572)	(1,572)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	51	(329)	(555)
Issue of fixed term debt	–	–	(99)
Net cash flow	51	(329)	(654)
Movements in lease liabilities	40	57	(41)
Exchange differences and other non-cash movements	2	(4)	(7)
Net debt at end of period	(2,181)	(1,848)	(2,274)

17. Contingent liabilities

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

The Group files tax returns in many jurisdictions around the world and at any one time is subject to periodic tax audits in the ordinary course of its business. Applicable tax laws and regulations are subject to differing interpretations and the resolution of a final tax position can take several years to complete. Where it is considered that future tax liabilities are more likely than not to arise, an appropriate provision is recognised in the financial statements.

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption section of the UK controlled foreign company rules. While the Group has complied with the requirements of UK tax law in force at the time, in April 2019 the European Commission concluded that aspects of the UK controlled foreign company regime partially constitute illegal state aid. In January 2021, the Group received a charging notice from HM Revenue & Customs for £57m, which was paid in February 2021, with a further £7m interest paid in April 2021.

The UK Government and the Group, along with other UK-based multinational groups, appealed the European Commission decision to the European Courts. On 8 June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. The decision of the General Court has been appealed to the European Court of Justice.

The final impact on the Group remains uncertain but, based upon advice taken, the Group continues to consider that the amount paid of £64m plus accrued interest of £3m, which is included in non-current assets, will ultimately be recovered.

Whilst the procedures that must be followed to resolve these types of tax issues make it likely that it will be some years before the eventual outcome is known, the Group does not currently expect the outcome of these contingent liabilities to have a material effect on the Group's financial position.

18. Related party transactions

The Group's significant related parties are its joint venture, associate and pension schemes as disclosed in note 36 of the annual financial statements for the year ended 31 January 2023. During the period, the Group completed the disposal of its 49% interest in its French associate investment Crealfi S.A. There have been no other significant changes in related parties or related party transactions in the period.

19. Post balance sheet events

During the period since the balance sheet date, the Group purchased 4 million of the Company's own shares for cancellation at a cost of £10m. This amount was deducted from equity in the half year to 31 July 2023 as a result of an irrevocable buyback agreement which was in place at 31 July 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that the condensed interim financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting", and that the Interim Results includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period and their impact on the interim condensed financial statements, and a description of the principal risks and uncertainties for the remainder of the financial year; and
- material related party transactions in the period and any material changes in the related party transactions described in the last annual report.

The Directors of Kingfisher plc were listed in the Group's 2022/23 Annual Report and Accounts. A list of current Directors is maintained on the Kingfisher plc website which can be found at www.kingfisher.com.

By order of the Board

Thierry Garnier
Chief Executive Officer
18 September 2023

Bernard Bot
Chief Financial Officer
18 September 2023

INDEPENDENT REVIEW REPORT TO KINGFISHER 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 31 July 2023 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 19.

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 31 July 2023 is not prepared, in all material respects, in accordance with United Kingdom 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 (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, 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 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards as issued by the IASB. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

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

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the 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 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 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 financial 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 Conclusion 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 ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 formed.

Deloitte LLP

Statutory Auditor
London, United Kingdom
18 September 2023