5 March 2024

SIG plc
Full year results for the year ended 31 December 2023

Resilient performance in challenging markets

SIG plc ("SIG", "the Group" or "the Company") today announces its results for the full year ended 31 December 2023 ("FY23" or "the year").

	2023	2022
Underlying[1] revenue	**£2,761.2m**	£2,744.5m
LFL[2] sales	**(2.0)%**	17.0%
Gross margin	**25.3%**	25.9%
Underlying[1] operating profit	**£53.1m**	£80.2m
Underlying[1] operating margin	**1.9%**	2.9%
Underlying[1] profit before tax	**£17.4m**	£51.6m
Underlying[1] earnings per share	**0.4p**	3.2p
Net debt	**£458.0m**	£444.0m
Net debt (pre-IFRS 16)	**£154.0m**	£160.3m

Statutory results	**2023**	**2022**
Revenue	**£2,761.2m**	£2,744.5m
Operating profit	**£4.0m**	£56.2m
(Loss)/profit before tax	**£(31.9)m**	£27.5m
Total (loss)/profit after tax	**£(43.4)m**	£15.5m
Basic (loss)/earnings per share	**(3.8)p**	1.3p

Financial highlights

- FY23 results reflect continued strong execution, against a challenging market backdrop
- Full year Group like-for-like[2] ("LFL") sales down 2%, with revenues of £2.76bn (2022: £2.74bn)
- Underlying[1] operating profit of £53.1m, down from £80.2m in 2022, with effective cost actions mitigating in part the impact of operating cost inflation and subdued market demand
- Underlying[1] profit before tax of £17.4m. Statutory loss before tax of £(31.9)m, reflecting £49.3m of Other items, including £33.8m non-cash impairment of UK Interiors business
- Operating cash flow[3] of £53m, representing a 100% conversion of underlying operating profit to operating cash; positive free cash flow[3] of £4m
- Year end net debt of £458m post-IFRS 16 (2022: £444m) and £154m pre-IFRS 16 (2022: £160m)

Operational and strategic highlights

- Benefits of a diversified pan-European portfolio helped in managing through challenging market conditions:
    - UK Exteriors delivered positive LFL sales growth, with good market momentum following ongoing programme of revitalising branches, sales team skills, and training
    - Both French businesses executing well in a tough market
    - Germany benefiting from strengthening execution to maintain operating margin gains of recent years, despite weaker volumes and difficult local market conditions
    - Poland achieved 5% growth in H2 with local market conditions stabilising
- Restructuring executed during H2 2023 will deliver approximately £10m of annualised cost savings, the majority of which will benefit FY24
- Increased strategic focus on specialist businesses and operational execution across the Group
- Management structures in corporate centre and the UK business simplified to provide greater focus and efficiency
- Strategic actions and priorities set out at Capital Markets Event in November 2023

Commenting, Gavin Slark, Chief Executive Officer, said:

"The Group delivered robust results in 2023, despite ongoing market weakness, demonstrating the benefits and resilience of our diversified geographic and end-market profile. Alongside this, the Group has also been effective in executing restructuring and productivity initiatives across the business. These are a key element of our strategic plan to drive operating margin growth over the medium-term to our target of 5%.

By increasing focus on driving operational efficiencies, stronger commercial execution and employee engagement, the Board is confident that the Group's leading market positions will continue to strengthen further when conditions improve across our markets. We remain financially and commercially well placed and are taking proactive steps to drive meaningful shareholder value in the medium and long-term."

Notes

1. Underlying represents the results before Other items. Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group. Underlying profit includes a £3.7m profit in H2 2023 on the sale of the old French Exteriors head office building, as previously guided.
2. Like-for-like ("LFL") is defined as the growth/(decline) in sales per working day in constant currency excluding any current and prior year acquisitions and disposals. Sales are not adjusted for branch openings or closures.
3. Free cash flow is defined as all cash flows excluding M&A transactions, dividend payments, and financing transactions. Operating cash flow represents free cash flow before interest and financing, costs of refinancing and tax.

An Investor and Analyst presentation will be available on www.sigplc.com from 7:15am on Tuesday 5 March 2024.

A live presentation of the results followed by Q&A, hosted by Gavin Slark, CEO, and Ian Ashton, CFO, will take place at 10:15am UK time on the date above.

Please click the link below to join the webinar:
https://storm-virtual-uk.zoom.us/webinar/register/WN_qyUzFsciQL2nzs9Lt_3m7w

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About

SIG plc is a leading pan-European supplier of specialist building products to trade customers across the UK, France, Germany, Ireland, Benelux and Poland. With leading market positions in specialist insulation, interiors and exteriors products, as well as a growing position in construction accessories, SIG facilitates one-stop access to an extensive product range, provides expert technical advice and coordinates often complex delivery requirements. For suppliers, SIG offers a channel through which products can be brought to a highly fragmented market of smaller customers and sites that are of insufficient scale to supply direct. SIG employs more than 7,000 employees across Europe and is listed on the London Stock Exchange (SHI). For more information, please visit the Company's website, www.sigplc.com.

Trading overview

Reported Group revenues were 1% higher in the year, including a c1% contribution from acquisitions and a c1% positive impact from exchange rates. LFL revenues declined 2% compared to prior year, reflecting the subdued demand conditions in many of the Group's key markets. Pass through of input cost inflation added an estimated 5% to revenues for the year as a whole, being 9% in H1 and flat in H2.

2023 LFL growth rates across most geographies reduced in H2, compared to H1, due to the declining impact of input cost inflation noted above. As expected, year-over-year volume declines moderated in H2, reflecting weaker comparators in H2 2022. Absolute volumes softened through the year due to continued weakening in market demand, reflecting conditions across the European building and construction sector.

LFL sales growth 2023 vs 2022	**H1[1]**	**H2**	**FY**	***FY23 sales***
				£m
UK Interiors	5%	(7)%	(1)%	557
UK Exteriors	1%	2%	1%	369
UK Specialist Markets	(7)%	(5)%	(6)%	248
UK	**1%**	**(4)%**	**(1)%**	**1,174**
France Interiors	1%	(3)%	(1)%	219
France Exteriors	2%	(8)%	(3)%	458
Germany	0%	(2)%	(1)%	462
Poland	(9)%	5%	(2)%	238
Benelux	7%	(8)%	0%	117
Ireland	(18)%	(10)%	(15)%	94
EU	**(1)%**	**(4)%**	**(3)%**	**1,588**
Group	**0%**	**(4)%**	**(2)%**	**2,761**

Table note: 1.UK numbers reflect new reporting structure including restatement of H1.

In the UK Interiors business, the strategic and operational changes made since mid-2020 continue to enable the business to return towards its previous market position, reflected in a robust performance against the market in FY23. In UK Exteriors, the performance was also strong relative to the market, driven by renewed commercial focus and execution under the new structure.

As announced at our Capital Markets Event on 23 November 2023, we are now reporting the UK Specialist Markets business as a separate reporting unit, in line with the new management structure in place. The UK Specialist Markets business experienced continuing good demand for its high specification and innovative building solutions, but revenue was affected by weaker demand in the agricultural and commercial warehousing and residential new build segments, and by lower year-over-year input pricing on steel.

In France, market conditions affected demand in our specialist roofing Exteriors business (Larivière) in H2 in particular, but both businesses continued to execute very effectively on their strategic plans. Larivière, has successfully expanded product categories in the year including private label slate, its Irondel range and its solar product offering. In LiTT, our Interiors business, we have strengthened our market position in insulation and focused on driving up sales and performance at new and refreshed branch locations. The German business continued its robust recovery of the last two years, performing well in what was a very challenging market. During 2023 we have expanded our product mix in specialist flooring and technical insulation with a continued focus on branch performance and operational productivity overall, boosted by modernisation initiatives. Poland's growth rebounded in the second half, with increased volumes as well as the impact of some softer H2 comparators. Benelux

has had new management in place since October 2023 to address and improve performance. Ireland's results reflect a tough market environment in 2023 in the sectors in which we operate.

Strategic progress

In November 2023 the Group presented an update on the Group's vision, long-term priorities and strategic growth opportunities at a Capital Markets Event in London.

Our vision is to be the best provider of specialist construction and insulation products in Europe. Being a "partner of choice" to our customers remains one of our three long-term objectives, and to achieve this we need to provide great service, the right products, and excellent logistics.

Our second long-term objective is to improve our operating performance. We have outlined four key pillars, which are set out further below, to drive our operating performance over the medium-term to reach our target 5% operating profit margin. Within this we have set medium-term target operating margins for each of our operating companies. These targets are a key threshold for unlocking meaningful value creation for shareholders, specifically through higher cash generation.

Our third long-term commitment is to grow sustainably, as we work towards five long-term sustainability commitments including reaching net zero carbon by 2035.

During 2023 we made good progress in improving the underlying quality and effectiveness of our operations through our four key pillars, summarised below:

Grow

We are focused on delivering above-market growth in all of our businesses.

Despite the market contraction and lower volumes seen in 2023, we kept our focus on readying our business for the medium-term sales growth opportunities ahead of us, and to gain business with our customers by winning on service.

By way of illustration, the UK Exteriors business delivered strong sales growth in 2023 relative to the market conditions. The business has invested consistently across the last 18 months in reinvigorating its branches, in in-store merchandising and in structured programmes to boost the sales and customer service skills of our teams. This is yielding good results, and there are similar initiatives being executed across the Group, tailored to reflect local market dynamics.

Execute

We are focused on strengthening our operational execution and margin across our geographies.

During the latter part of 2023 we executed a number of restructuring and productivity initiatives that will benefit the business in 2024 and beyond. These include a streamlining of central costs, and a review of operating company cost structures, most notably in the UK, Germany and Ireland. As well as generating permanent cost reductions of around £10m on an annualised basis, these initiatives will facilitate improved operational agility and execution.

Modernise

We are pursuing actions to modernise our operations to increase efficiency and productivity.

The Group made further progress on modernisation of our operations in 2023. We are expanding our customer-facing e-commerce platforms, with development work in Germany and France, where we are leveraging our successful e-commerce experience in Poland. In Germany we launched a new fast-collection service utilising technology which allows quicker collections for customers at greater efficiency for us, and 90% of branch customer collections are now signed for digitally. In addition we delivered continued technology enabled delivery improvements in France and Ireland during the year.

Specialise

We will accelerate growth in our more specialist and higher return businesses within our portfolio.

As outlined above, the creation of UK Specialist Markets as a standalone reporting unit in the UK will allow us to better focus on and accelerate the growth and higher margin opportunities that exist in these specialist businesses that have previously been less of a focus in the Group's strategy.

The UK Specialist Markets team had a successful year in growing our relationships with, and sales to, some of the UK's largest infrastructure investment projects, such as the HS2 rail line (stage 1) and the Hinkley Point development. In addition, the business has seen resilient demand for our innovative steel structure offerings in solar canopies and bespoke, high performance insulation fabrication services.

In France Exteriors, 2023 was a year of good progress in expanding our solar product offering, in particular in introducing new highly innovative lightweight solar panels into our product range.

Balance Sheet

The Group maintained a robust balance sheet during 2023. The Group has reported a free cash inflow of £4.2m, helped by solid working capital management, with year end gross cash balances of £132.2m (2022: £130.1m). The movement in cash balances in the year reflects the free cash flow, partially offset by small currency movements and deferred acquisition costs. The Group's revolving credit facility ("RCF") of £90m remained undrawn as at 31 December 2023, providing a significant liquidity reserve.

Year end net debt (post-IFRS 16) was £458.0m (2022: £444.0m). Year end net debt on a pre-IFRS 16 basis was £154.0m (2022: £160.3m). Year end net debt represented leverage of 3.5x and 2.8x on post and pre-IFRS 16 bases respectively. An increase in net lease liabilities of £20.1m due to lease renewals and extensions, mainly in the UK and Germany, was partially offset by a favourable currency movement of £5.8m on bond debt.

Dividend

No dividend will be paid for 2023. The Board reiterates its commitment to return to paying a dividend, appropriately covered by underlying earnings, when it is prudent to do so. Continued successful strategic execution, including sensible investment where appropriate, will deliver sustainable, profitable growth and cash generation, especially as markets recover, allowing the Board to consider a range of capital allocation options.

Sustainability

SIG is committed to growing sustainably and we have five long-term commitments to guide us in this journey.

In 2023, we achieved a further 3% reduction in carbon emissions, through ongoing progress on fleet transition and energy mix and with lower year-on-year volumes. We also completed our first Scope 3 emissions impact assessment.

Reducing our waste and diverting it from landfill is also a key focus area, and waste diverted from landfill in 2023 improved to 94% (2022: 92%), with our total waste volume 16% lower.

Our safety performance has improved in 2023, with a good reduction in our Lost Time Injury Frequency Rate ("LTIFR") to 8.4 from 11.1 in 2022, with solid improvements in France and the UK in particular. We have achieved an encouraging increase in "near miss" hazard reporting (66%) in 2023, demonstrating a more open reporting culture and better opportunity to prevent hazards from becoming incidents. This has been supported by a new "Everyone Safe, Every Day" safety strategy across the Group, along with aligned safety objectives and KPIs.

People

The Board would like to thank all employees of the Group for their continued commitment and hard work throughout the year. During the year, employee engagement was stable at +14, which the Board regards as a positive result given the context of the challenging market conditions and restructuring initiatives in some areas of the business during the year.

Having an engaged and high performing workforce remains a priority within the Group's ongoing development. We are committed to our ambition of being an employer of choice in the building materials sector.

Outlook

Looking ahead, the Group expects continued softness in market conditions in 2024.

However, during this period of market weakness we will continue to strengthen our execution and organisation such that we deliver higher margin growth and performance for the medium-term. We remain confident in our ability to manage through this current phase of the cycle and to ensure that we are more than ready to take advantage of the significant long-term opportunities for the Group as markets recover.

FINANCIAL REVIEW

The Group managed effectively the impact of increasingly challenging market conditions during 2023. We maintained robust liquidity, and executed productivity and restructuring initiatives that will reduce costs and improve operational agility.

Revenue

Group revenue of £2,761.2m (2022: £2,744.5m) was 1% higher on a reported basis, including 1% from acquisitions, 1% from movements on exchange rates and a marginal impact from differences in the number of working days. LFL revenue was down 2% year-on-year. Within this figure, volumes declined in the majority of our markets. We estimate the positive impact of the pass through of input cost inflation on revenue growth for the year was approximately 5%, with this impact reducing significantly over the course of the year as prior year increases annualised.

Operating costs and profit

Gross profit decreased 1.6% to £699.6m (2022: £711.0m) with a gross profit margin of 25.3% (2022: 25.9%). The reduction in gross margin was due partly to strong comparatives, especially in our UK Exteriors business, and also greater than normal pricing pressure, reflective of the challenging demand environment. The businesses continue to manage these dynamics effectively.

The Group's underlying operating costs increased by 2.5% to £646.5m (2022: £630.8m). The increase was primarily due to inflation, with the biggest impact being on wages and salaries, followed by property and energy costs. These headwinds were partially offset by ongoing productivity initiatives and the initial impact of restructuring actions taken in the second half. Year-over-year operating costs were also affected by a lower charge for bad debts as a result of one unusually high charge incurred during 2022 of £5m, as reported at the time, and a £3.7m profit in 2023 from the sale of the French Exteriors head office building in Angers.

As a result, the Group's underlying operating profit decreased to £53.1m (2022: £80.2m), at an operating margin of 1.9% (2022: 2.9%). Reported operating profit was £4.0m (2022: £56.2m) after Other items of £49.1m (2022: £24.0m). Other items includes a £33.8m impairment in the UK Interiors business and restructuring costs of £8.0m, with a further breakdown of Other items set out later in this report.

Segmental analysis

UK

	Revenue 2023 £m	Revenue restated 2022 £m	LFL sales vs 2022	Underlying operating (loss)/profit 2023 £m	Underlying operating profit restated[1] 2022 £m
UK Interiors	556.5	561.5	(1)%	(1.6)	7.9
UK Exteriors	369.4	363.1	1%	10.6	9.9
UK Specialist Markets	247.6	223.2	(6)%	10.3	14.9
UK	**1,173.5**	1,147.8	**(1)%**	**19.3**	32.7

1. *The 2022 segmental information has been restated in order to present on a consistent basis with the current year, see Note 1 for further details.*

Following a change in the UK management structure announced in November 2023, we now report three segments in the UK, with the Specialist Markets businesses separated out from the Interiors and Exteriors businesses under which they were reported previously.

Reported revenue in UK Interiors, a specialist insulation and interiors distribution business, decreased slightly to £556.5m (2022: £561.5m). LFL revenue was down 1% year-on-year with the impact of a declining market being offset by a further strengthening in market position and the pass through of some continued year-over-year input price inflation. The flat revenue, together with operating cost inflation, resulted in an operating loss of £1.6m (2022: £7.9m profit).

Reported revenue in UK Exteriors, a specialist roofing merchant, increased by 2% to £369.4m (2022: £363.1m), with LFL revenue up 1%. This was due to benefits from purchase price inflation partially offsetting reduced demand, notably in the new build market. A reduction in gross margin, partly due to high prior year comparators, combined with operating cost inflation, resulted in operating profit of £10.6m (2022: £9.9m). The year-on-year improvement was partly due to the impact in 2022 of the administration of a large customer, Avonside, as reported last year.

Reported revenue in our UK Specialist Markets increased by 11% to £247.6m (2022: £223.2m). This included a 16% impact from the acquisition of Miers Construction Products Limited in July 2022. LFL revenue declined 6%, driven by a softer market, and by input price deflation in steel, which are a bigger element of these businesses than elsewhere in the Group. These factors, coupled with operating cost inflation, resulted in a reduction in operating profit to £10.3m (2022: £14.9m).

France

	Revenue 2023 £m	Revenue 2022 £m	LFL sales vs 2022	Underlying operating profit 2023 £m	Underlying operating profit 2022 £m
France Interiors	218.9	218.4	(1)%	10.4	12.2
France Exteriors	458.0	465.6	(3)%	19.3	23.6
France	**676.9**	684.0	**(2)%**	**29.7**	35.8

France Interiors, our structural insulation and interiors business trading as LiTT, saw reported revenue remain in line with the prior year at £218.9m (2022: £218.4m), and 1% down on a LFL basis. This was driven by lower demand and volumes, offset by continued input price inflation pass through. Flat revenue and operating cost inflation resulted in a £1.8m decrease in operating profit to £10.4m (2022: £12.2m).

Reported revenue in France Exteriors, our specialist roofing business trading as Larivière, decreased 2% to £458.0m (2022: £465.6m), and by 3% on a LFL basis. Demand and volumes were lower due to a

reduction in consumer spending following interest rate increases, as well as softening of the new build market and a reduction in the benefit from pass through of input price inflation. The decrease in revenue together with increased operating costs due to inflation, resulting in an operating profit decrease to £19.3m (2022: £23.6m). During the year, the Larivière business moved into a new leased headquarters in Angers to better support the needs of the business going forward. We had owned the previous office building in Angers for many years, and the sale of it resulted in a profit on disposal in H2 of £3.7m.

Germany

	Revenue 2023 £m	Revenue 2022 £m	LFL sales vs 2022	Underlying operating profit 2023 £m	Underlying operating profit 2022 £m
Germany	**462.1**	457.8	**(1)%**	**15.6**	16.8

Reported revenue in WeGo/Vti, our specialist insulation and interiors distribution business in Germany, increased by 1% to £462.1m (2022: £457.8m). This included a 1% year-over-year impact from the acquisition of Thermodämm in 2022. LFL revenue decreased by 1%, with pass through of input price inflation offset by a decline in volumes, reflecting weaker market conditions, particularly in new build. Good gross margin management was offset by operating cost inflation, resulting in reduced operating profit of £15.6m (2022: £16.8m).

Poland

	Revenue 2023 £m	Revenue 2022 £m	LFL sales vs 2022	Underlying operating profit 2023 £m	Underlying operating profit 2022 £m
Poland	**237.9**	230.7	**(2)%**	**7.1**	10.6

In our Polish business, a market-leading distributor of insulation and interiors, revenue increased to £237.9m (2022: £230.7m), although LFL sales decreased by 2%. Weaker demand in the market was partially offset by further improvements made in our market position. Together with operating cost inflation, this resulted in a reduction in operating profit to £7.1m (2022: £10.6m).

Benelux

	Revenue 2023 £m	Revenue 2022 £m	LFL sales vs 2022	Underlying operating (loss) 2023 £m	Underlying operating (loss) 2022 £m
Benelux	**116.9**	115.9	**0%**	**(3.0)**	(3.0)

Reported revenue from the Group's business in Benelux increased by 1% to £116.9m (2022: £115.9m) with LFL revenue flat year-on-year. Revenue benefited from the business recovering some market share after prior years' losses. The turnaround of the business continues with ongoing progress in tackling operational issues, and a new Managing Director joined the business in Q4 to carry this forward. Despite the initial recovery referenced above, the business continues to trade with lower market share than it had historically. Margin pressure and operating cost inflation offset the improved trading and turnaround actions, resulting in an operating loss of £3.0m (2022: £3.0m loss).

Ireland

	Revenue 2023 £m	Revenue 2022 £m	LFL sales vs 2022	Underlying operating profit 2023 £m	Underlying operating profit 2022 £m
Ireland	**93.9**	108.3	**(15)%**	**1.4**	6.0

Our business in Ireland is a specialist distributor of interiors and exteriors, and also includes specialist contracting businesses for office furnishing, industrial coatings and kitchen/bathroom fit out. Its reported revenue decreased by 13% to £93.9m (2022: £108.3m), and by 15% on a LFL basis. This was a result of softening demand in our segments of the Irish market, along with some strong prior year comparatives, notably in H1. Operating profit reduced as a result by £4.6m to £1.4m (2022: £6.0m), reflecting the lower revenue as well as operating cost inflation.

Reconciliation of underlying to statutory result

Other items, being items excluded from underlying results, amounted to £49.3m for the year (2022: £24.1m) on a pre-tax basis and are summarised in the table below:

	2023 £m	2022 £m
Underlying profit before tax	17.4	51.6
Other items – impacting profit before tax:		
Amortisation of acquired intangibles	(2.8)	(4.7)
Impairment charges	(33.8)	(15.8)
Cloud based ERP implementation costs	(2.2)	(2.7)
Costs associated with acquisitions	(3.2)	(2.5)
Net restructuring costs	(8.0)	(0.4)
Onerous contract costs	(0.2)	1.2
Costs associated with refinancing	-	(0.4)
Other specific items	1.1	1.3
Non underlying finance costs	(0.2)	(0.1)
Total Other items	**(49.3)**	(24.1)
Statutory (loss)/profit before tax	**(31.9)**	27.5

Other items are disclosed separately in order to provide a better indication of the underlying earnings of the Group. Further details of other items are as follows:

- Impairment charge of £33.8m relates to the impairment of goodwill and other non-current assets in UK Interiors. This non-cash charge is related to the splitting out of the more profitable UK Specialist Markets businesses from UK Interiors and Exteriors, which has reduced the reported margin of the latter two and notably Interiors. It also reflects the weaker markets at present and hence a delay in the anticipated improvements in profitability in the UK Interiors business.
- Cloud based ERP implementation costs relate to project configuration and customisation costs associated with strategic cloud computing arrangements, which are expensed, rather than being capitalised as intangible assets.
- Costs associated with acquisitions relate principally to the acquisition of Miers Construction Products Limited in the UK in 2022, including earnout consideration being accrued over the performance period.
- Net restructuring costs in the year comprise £6.7m redundancy costs and £2.4m branch closure costs, including £1.6m impairment of right-of-use assets, tangible fixed assets and software, offset by £1.1m gain on the sublease and termination of property leases previously impaired, all related to restructuring across the Group.
- "Other specific items" – a credit of £1.1m in aggregate – include reversal of provision for lease receivables, the reversal of an onerous lease provision and an impairment of right-of-use asset in

relation to a branch which has been reopened, offset by additional impairment of an investment property which is no longer in use by the Group.

Taxation

The effective tax rate for the Group on the total loss before tax of £31.9m (2022: profit £27.5m) is negative 36.1% (2022: 43.6%). The effective tax rate on underlying profit before tax, excluding the impact of Other items, is 74.7% (2022: 27.9%).

Tax losses cannot be surrendered or utilised cross border, and the Group is therefore subject to tax in some countries and not in others. Tax losses in the UK and Benelux businesses are not currently recognised as deferred tax assets, which impacts the overall and underlying effective tax rate. The relative proportions of these losses compared to the total Group underlying profit before tax are also higher for the year to 31 December 2023 compared to the previous year, and the combination of these factors has led to the increase in the underlying effective tax rate in the current year.

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

Pensions

The Group operates a number of pension schemes, four of which provide defined benefits based upon pensionable salary. One of these schemes, in the UK, has assets held in a separate trustee administered fund, and three are overseas book reserve schemes. The largest defined benefit pension scheme is the UK scheme, which was closed to further accrual in 2016.

The Group's total pension charge for the year, including amounts charged to interest after Other items, was £8.9m (2022: £7.4m), of which a charge of £1.4m (2022: £0.2m) related to defined benefit pension schemes and £7.5m (2022: £7.2m) related to defined contribution schemes.

The total net liability in relation to defined benefit pension schemes at 31 December 2023 was £20.3m (2022: £23.0m). The current triennial actuarial valuation of the UK scheme as at 31 December 2022 is in progress and will conclude during March 2024. The scheme remains well funded.

Financial position

Overall, the net assets of the Group decreased by £39.3m to £228.5m (2022: £267.8m), with a gross cash position at year end of £132.2m (2022: £130.1m) and net debt (post-IFRS 16) of £458.0m (2022: £444.0m). Net debt on a pre-IFRS 16 basis was £154.0m (2022: £160.3m)

The movement in post-IFRS 16 net debt includes the movement in cash noted below. An increase in net lease liabilities of £20.1m due to lease renewals and extensions, mainly in the UK and Germany, was partially offset by a favourable currency movement of £5.8m on bond debt. The movement in pre-IFRS 16 net debt is not affected by the movement on leases.

Cash flow

	2023 **£m**	2022 £m
Underlying operating profit	**53.1**	80.2
Add back: Depreciation	76.6	73.2
Add back: Amortisation	2.4	3.2
Underlying EBITDA	**132.1**	156.6
Decrease/(increase) in working capital	2.8	(14.4)
Repayment of lease liabilities	(63.6)	(60.1)
Capital expenditure	(15.8)	(14.5)
Cash exceptional items	(6.4)	(14.7)
Other	3.8	1.9
Operating cash flow[1]	**52.9**	54.8
Interest and financing	(34.7)	(28.8)
Refinancing cash costs	-	(1.1)
Tax	(14.0)	(14.3)
Free cash flow[1]	**4.2**	10.6
Acquisitions and investments	(0.7)	(27.5)
Repayment of debt	(0.8)	(1.4)
Total cash flow	**2.7**	(18.3)
Cash and cash equivalents at beginning of the year[2]	130.1	145.1
Effect of foreign exchange rate changes	(0.6)	3.3
Cash and cash equivalents at end of the year[2]	**132.2**	130.1

1. *Free cash flow is defined as all cash flows excluding M&A transactions, dividend payments, and financing transactions. Operating cash flow represents free cash flow before interest and financing, costs of refinancing and tax.*
2. *Cash and cash equivalents at 31 December 2023 comprise cash at bank and on hand of £132.2m (2022: £130.1m) less bank overdrafts of £nil (2022: £nil).*

During the period, the Group delivered £52.9m of operating cash flow, which represents a 100% conversion of the underlying operating profit to operating cash. Despite the lower profit in the year this operating cash flow was very similar to the 2022 number, helped by a positive movement on working capital. The key factor driving the working capital in the period was the lower levels of trading year-on-year, allied by strong management of the key working capital drivers. The Group reported a free cash inflow of £4.2m (2022: £10.6m inflow). This slight decline versus the prior year was driven by the higher interest charge, driven by the increase in lease liabilities noted above along with higher interest rates embedded in renewed leases.

Capex during the period was £15.8m (2022: £14.5m). Cash exceptional items are those that are related to “Other items” in the Consolidated income statement, and include restructuring costs and Benelux ERP implementation. “Other” in the cash flow includes payments to the Employee Benefit Trust to fund share plans of £1.7m (2022: £4.0m), add back of non-cash P&L items and provision movements, and proceeds on sale of property, plant and equipment.

Financing and funding

The Group’s debt funding comprises €300m of 5.25% fixed rate secured notes and an RCF of £90m. These mature and expire in November 2026 and May 2026 respectively. The secured notes are subject to incurrence-based covenants only, and the RCF has a leverage maintenance covenant set at 4.75x which only applies if the facility is over 40% drawn at a quarter end reporting date. The RCF was undrawn at 31 December 2023.

The Group’s liquidity position remained robust throughout 2023, and at the end of the period stood at £222m, consisting of cash of £132m and the £90m undrawn RCF noted above. On the basis of current forecasts, the Group is expected to remain in compliance with all banking covenants throughout the forecast period to 31 March 2025.

	2023	2022
	£m	£m
Cash and cash equivalents at end of the year	**132.2**	130.1
Undrawn RCF at end of the year	**90.0**	90.0
Liquidity	**222.2**	220.1
Post-IFRS 16 net debt	**458.0**	444.0
Pre-IFRS 16 net debt	**154.0**	160.3
Post-IFRS 16 leverage	**3.5x**	2.8x
Pre-IFRS 16 leverage	**2.8x**	1.8x

Directors' responsibility statement on the Annual Report

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 31 December 2023. Certain parts solely thereof are not included within this announcement.

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

(b) the Strategic report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

(c) the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 March 2024 and signed on its behalf by:

By order of the Board

Gavin Slark
Director
4 March 2024

Ian Ashton
Director
4 March 2024

Cautionary statement

The securities of the Group have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or transferred, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any relevant state or other jurisdiction of the United States. There has been and will be no public offering of the securities of the Group in the United States.

This announcement has been prepared to provide the Company's shareholders with a fair review of the business of the Group and a description of the principal risks and uncertainties facing it. It may not be relied upon by anyone, including the Company's shareholders, for any other purpose.

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

It is believed that the expectations set out in these forward-looking statements are reasonable but they may be affected by a wide range of variables, which could cause actual results or trends to differ materially, including but not limited to, changes in risks associated with the level of market demand, fluctuations in product pricing and changes in foreign exchange and interest rates.

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

Consolidated income statement
For the year ended 31 December 2023

	Note	**Underlying[1] 2023 £m**	**Other items[1] 2023 £m**	**Total 2023 £m**	Underlying[1] 2022 £m	Other items[1] 2022 £m	Total 2022 £m
Revenue	2	**2,761.2**	**-**	**2,761.2**	2,744.5	-	2,744.5
Cost of sales		**(2,061.6)**	**-**	**(2,061.6)**	(2,033.5)	-	(2,033.5)
Gross profit		**699.6**	**-**	**699.6**	711.0	-	711.0
Other operating expenses	3	**(640.6)**	**(50.2)**	**(690.8)**	(614.3)	(22.0)	(636.3)
Impairment (losses)/gains on financial assets	3	**(9.6)**	**1.1**	**(8.5)**	(16.5)	(2.0)	(18.5)
Gain on disposal of property	3	**3.7**	**-**	**3.7**	-	-	-
Operating profit		**53.1**	**(49.1)**	**4.0**	80.2	(24.0)	56.2
Finance income	4	**2.2**	**-**	**2.2**	1.3	-	1.3
Finance costs	4	**(37.9)**	**(0.2)**	**(38.1)**	(29.9)	(0.1)	(30.0)
Profit/(loss) before tax		**17.4**	**(49.3)**	**(31.9)**	51.6	(24.1)	27.5
Income tax (expense)/credit	5	**(13.0)**	**1.5**	**(11.5)**	(14.4)	2.4	(12.0)
Profit/(loss) after tax		**4.4**	**(47.8)**	**(43.4)**	37.2	(21.7)	15.5
Attributable to:							
Equity holders of the Company		**4.4**	**(47.8)**	**(43.4)**	37.2	(21.7)	15.5
(Loss)/earnings per share							
Basic	6			**(3.8)p**			1.3p
Diluted	6			**(3.8)p**			1.3p

[1] Underlying represents the results before Other items. Other items have been disclosed separately in order to give an indication of the underlying earnings of the Group. Further details are disclosed in Note 3.

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	2023 **£m**	2022 £m
(Loss)/profit after tax	**(43.4)**	15.5
Items that will not subsequently be reclassified to the Consolidated income statement:		
Remeasurement of defined benefit pension liability	**1.1**	(14.3)
Deferred tax movement associated with remeasurement of defined benefit pension liability	**(0.1)**	(0.5)
	1.0	(14.8)
Items that may subsequently be reclassified to the Consolidated income statement:		
Exchange difference on retranslation of foreign currency goodwill and intangibles	**(1.1)**	2.7
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**(2.8)**	11.5
Exchange and fair value movements associated with borrowings and derivative financial instruments	**5.8**	(13.9)
Losses and gains on cash flow hedges	**(1.1)**	1.6
Transfer to profit and loss on cash flow hedges	**(1.5)**	0.2
	(0.7)	2.1
Other comprehensive income/(expense)	**0.3**	(12.7)
Total comprehensive (expense)/income	**(43.1)**	2.8
Attributable to:		
Equity holders of the Company	**(43.1)**	2.8

Consolidated balance sheet
As at 31 December 2023

	2023	2022 Restated[1]
	£m	£m
Non-current assets		
Property, plant and equipment	**65.4**	68.8
Right-of-use assets	**263.1**	265.9
Goodwill	**131.2**	134.8
Intangible assets	**15.3**	22.8
Lease receivables	**2.2**	1.2
Deferred tax assets	**4.4**	3.3
Non-current financial assets	**0.2**	0.4
	481.8	497.2
Current assets		
Inventories	**259.1**	270.6
Lease receivables	**1.1**	0.1
Trade and other receivables	**389.1**	432.6
Current tax assets	**3.6**	0.9
Current financial assets	**-**	1.6
Cash at bank and on hand	**132.2**	130.1
	785.1	835.9
Total assets	**1,266.9**	1,333.1
Current liabilities		
Trade and other payables	**385.8**	425.0
Lease liabilities	**64.9**	56.5
Interest-bearing loans and borrowings	**0.8**	0.8
Deferred consideration	**1.8**	0.7
Derivative financial instruments	**1.0**	-
Current tax liabilities	**6.9**	5.8
Provisions	**7.9**	9.6
	469.1	498.4
Non-current liabilities		
Lease liabilities	**264.9**	251.2
Interest-bearing loans and borrowings	**260.0**	266.1
Deferred consideration	**-**	1.8
Derivative financial instruments	**0.1**	0.1
Other payables	**3.0**	7.4
Retirement benefit obligations	**20.3**	23.0
Provisions	**21.0**	17.3
	569.3	566.9
Total liabilities	**1,038.4**	1,065.3
Net assets	**228.5**	267.8
Capital and reserves		
Called up share capital	**118.2**	118.2
Treasury shares	**(11.6)**	(16.4)
Capital redemption reserve	**0.3**	0.3
Share option reserve	**7.6**	8.6
Hedging and translation reserves	**3.8**	4.5
Cost of hedging reserve	**0.1**	0.1
Merger reserve	**92.5**	92.5
Retained profits	**17.6**	60.0
Attributable to equity holders of the Company	**228.5**	267.8
Total equity	**228.5**	267.8

[1] The 2022 Consolidated balance sheet has been restated as a result of the finalisation of the acquisition fair values, as explained in Note 1.

Consolidated statement of changes in equity
For the year ended 31 December 2023

	Called up share capital £m	Treasury shares reserve £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserves £m	Cost of hedging reserve £m	Merger reserve £m	Retained profits/ (losses) £m	Total £m
At 1 January 2022	118.2	(12.5)	0.3	4.4	2.4	0.1	92.5	59.3	264.7
Profit after tax	-	-	-	-	-	-	-	15.5	15.5
Other comprehensive income/(expense)	-	-	-	-	2.1	-	-	(14.8)	(12.7)
Total comprehensive income	-	-	-	-	2.1	-	-	0.7	2.8
Purchase of treasury shares	-	(4.0)	-	-	-	-	-	-	(4.0)
Credit to share option reserve	-	-	-	4.4	-	-	-	-	4.4
Settlement of share options	-	0.1	-	(0.2)	-	-	-	-	(0.1)
At 31 December 2022	**118.2**	**(16.4)**	**0.3**	**8.6**	**4.5**	**0.1**	**92.5**	**60.0**	**267.8**
Loss after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(43.4)**	**(43.4)**
Other comprehensive (expense)/income	**-**	**-**	**-**	**-**	**(0.7)**	**-**	**-**	**1.0**	**0.3**
Total comprehensive income	**-**	**-**	**-**	**-**	**(0.7)**	**-**	**-**	**(42.4)**	**(43.1)**
Purchase of treasury shares	**-**	**(1.7)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.7)**
Credit to share option reserve	**-**	**-**	**-**	**5.5**	**-**	**-**	**-**	**-**	**5.5**
Settlement of share options	**-**	**6.5**	**-**	**(6.5)**	**-**	**-**	**-**	**-**	**-**
At 31 December 2023	**118.2**	**(11.6)**	**0.3**	**7.6**	**3.8**	**0.1**	**92.5**	**17.6**	**228.5**

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

The hedging and translation reserves represent movements in the Consolidated balance sheet as a result of movements in exchange rates and movements in the fair value of cash flow hedges which are reflected in equity through Other comprehensive income.

Treasury shares relate to shares purchased by the SIG Employee Share Trust to satisfy awards made under the Group's share plans which are not vested and beneficially owned by employees.

The merger reserve represents the premium on ordinary shares issued in a previous year through the use of a cash box structure.

Consolidated cash flow statement
For the year ended 31 December 2023

	Note	**2023**	2022
		£m	£m
Net cash flow from operating activities			
Cash generated from operating activities	8	**128.4**	132.3
Income tax paid		**(14.0)**	(14.3)
Net cash generated from operating activities		**114.4**	118.0
Cash flows from investing activities			
Finance income received		**2.2**	1.3
Purchase of property, plant and equipment and computer software		**(15.7)**	(14.5)
Initial direct costs of right-of-use assets		**(0.1)**	(0.8)
Proceeds from sale of property, plant and equipment		**5.6**	0.8
Net cash flow on the purchase of business		**-**	(26.0)
Settlement of amounts payable for previous purchases of businesses		**(0.7)**	(1.3)
Investment in financial assets		**-**	(0.2)
Net cash flow from investing activities		**(8.7)**	(40.7)
Cash flows from financing activities			
Finance costs paid		**(36.9)**	(30.1)
Repayment of lease liabilities		**(63.6)**	(60.1)
Repayment of borrowings		**(0.8)**	(1.4)
Acquisition of treasury shares		**(1.7)**	(4.0)
Net cash flow from financing activities		**(103.0)**	(95.6)
Increase/(decrease) in cash and cash equivalents in the year	9	**2.7**	(18.3)
Cash and cash equivalents at beginning of the year[1]		**130.1**	145.1
Effect of foreign exchange rate changes		**(0.6)**	3.3
Cash and cash equivalents at end of the year[1]		**132.2**	130.1

[1] Cash and cash equivalents comprise cash at bank and on hand of £132.2m (2022: £130.1m) less bank overdrafts of £nil (2022: £nil).

1. Basis of preparation

The Group's financial information has been prepared in accordance with the recognition and measurement requirements of UK adopted international accounting standards. It has been prepared on a basis consistent with that adopted in the previous year. The Financial statements have been prepared under the historical cost convention except for derivative financial instruments and unquoted investments which are stated at their fair value.

Whilst the financial information included in this Preliminary Results Announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Preliminary Results Announcement does not constitute the Company's statutory accounts for the years ended 31 December 2023 and 31 December 2022 within the meaning of Section 435 of the Companies Act 2006 but is derived from those statutory accounts.

The Group's statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies, and those for 2023 will be delivered following the Company's Annual General Meeting. The Auditor has reported on the statutory accounts for 2023 and 2022. Their report for 2023 and 2022 was (i) unqualified, (ii) included no matters to which the auditor drew attention by way of emphasis and (iii) did not contain statements under Sections 498 (2) or 498 (3) of the Companies Act 2006 in relation to the financial statements.

Restatement of 2022 Consolidated balance sheet
The fair values of the identifiable assets and liabilities acquired in relation to the acquisition of Miers Construction Products Limited in 2022 have been finalised during the year. This resulted in a decrease in the current tax asset of £0.3m, an increase in the current tax liability of £0.3m and a corresponding increase in the goodwill recognised of £0.6m (see Note 7). This has been accounted for retrospectively and the Consolidated balance sheet at 31 December 2022 has been restated to reflect this, resulting in a decrease in the current tax asset of £0.6m and an increase in goodwill at the year end date. This had no impact on profit or loss, cash flows or net assets for the year ended or as at 31 December 2022.

Disclosure restatement
Reported operating segments for the UK have been changed during the year to align with changes in the UK leadership structure. There are now considered to be three operating segments in the UK, being UK Interiors, UK Exteriors and UK Specialist Markets, and the segmental reporting disclosure has been updated to reflect the way in which information is reported to the Chief Operating Decision Maker ("CODM"). The prior year comparatives have been restated to be consistent with the current year presentation.

During the preparation of the 2023 Annual report and accounts an error was identified in the comparative disclosure in relation to the classification of operating expenses in Note 3. The prior year comparatives have been restated to correct the error and update the classification of certain costs, increasing Management, administrative and central costs in 2022 by £16.5m (14.1%) and decreasing Distribution costs and Selling and marketing costs by £11.8m (3.7%) and £4.7m (2.6%) respectively. There is no effect on total net operating expenses and the restatement does not impact any of the primary statements or other notes to the Consolidated financial statements.

Going concern
The Group closely monitors its funding position throughout the year, including monitoring compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

The Group's financing facilities comprise a €300m fixed rate bond (secured notes), due November 2026, and £90m Revolving Credit Facility ("RCF") which expires in May 2026. One of the trading businesses also has a £2.1m bank loan repayable over the period to June 2026. The only financial covenant within these facilities is a leverage maintenance covenant within the RCF, which is only effective if the facility is over 40% drawn (i.e. £36m) at a quarter end reporting date. The RCF was undrawn at 31 December 2023 and has remained undrawn subsequent to the year end.

The Group has significant available liquidity and on the basis of current forecasts is expected to remain in compliance with all banking covenants throughout the forecast period to 31 March 2025 ("the going concern period").

The Directors have considered the Group's forecasts which support the view that the Group will be able to continue to operate within its banking facilities and comply with its banking covenants. The Directors have considered the following principal risks and uncertainties that could potentially impact the Group's ability to fund its future activities and adhere to its banking covenants, including:

- worsening market conditions and further reductions in demand;
- high levels of product inflation, and current economic and political uncertainties, potentially impacting market demand; and
- potentially recessionary conditions in the coming year.

The forecasts on which the going concern assessment is based have been subject to sensitivity analysis and stress testing to assess the impact of the above risks and the Directors have also reviewed mitigating actions that could be taken. Under a severe but plausible downside scenario, factoring in a 6% reduction in volume, a reduction in gross margin and a resulting 55% reduction in underlying operating profit from the base forecast for the 12 months to 31 March 2025, the analysis shows that sufficient cash would be available without triggering a covenant breach, as the RCF is not expected to be drawn at a relevant quarter end. Reverse stress testing has also been performed, which shows that the Group could withstand up to a 22% reduction in revenue for the 12 months to 31 March 2025, or up to 15% for the nine months to the forecast liquidity low point of 30 September 2024, before triggering a covenant breach if the RCF was 40% drawn at a relevant quarter end. Further cash phasing mitigations would also be available to avoid this situation.

The Directors have considered the impact of climate-related matters and this is not expected to have a significant impact on the Group's going concern assessment to 31 March 2025.

On consideration of the above, the Directors believe that the Group has adequate resources to continue in operational existence for the forecast period to 31 March 2025 and the Directors therefore consider it appropriate to adopt the going concern basis in preparing the 2023 Consolidated financial statements.

New standards, interpretations and amendments adopted

The Group has adopted the amendments to IAS 12 Income taxes – International tax reform: Pillar Two model rules and has applied the temporary mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The following new standards, amendments and interpretations apply for the first time in 2023, but have not had a material impact on the Financial statements of the Group:

- IFRS 17 "Insurance contracts"
- Amendments to IAS 1 "Presentation of financial statements", IFRS Practice statement 2 "Making materiality judgements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"
- Amendment to IAS 12 "Income taxes" – deferred tax related to assets and liabilities arising from a single transaction

2. Revenue and segmental information

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

2023	UK Interiors £m	UK Exteriors £m	UK Specialist Markets £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product													
Interiors	556.5	-	173.9	**730.4**	218.9	-	**218.9**	462.1	116.9	54.5	237.9	-	**1,820.7**
Exteriors	-	369.4	73.7	**443.1**	-	458.0	**458.0**	-	-	39.4	-	-	**940.5**
Inter-segment revenue	7.2	1.0	18.4	**26.6**	0.1	13.3	**13.4**	-	-	0.2	-	(40.2)	**-**
Total underlying and statutory revenue	**563.7**	**370.4**	**266.0**	**1,200.1**	**219.0**	**471.3**	**690.3**	**462.1**	**116.9**	**94.1**	**237.9**	**(40.2)**	**2,761.2**
Nature of revenue													
Goods for resale (recognised at point in time)	563.7	370.4	266.0	**1,200.1**	219.0	471.3	**690.3**	462.1	116.9	88.5	237.9	(40.2)	**2,755.6**
Construction contracts (recognised over time)	-	-	-	**-**	-	-	**-**	-	-	5.6	-	-	**5.6**
Total underlying and statutory revenue	**563.7**	**370.4**	**266.0**	**1,200.1**	**219.0**	**471.3**	**690.3**	**462.1**	**116.9**	**94.1**	**237.9**	**(40.2)**	**2,761.2**
Segment result before Other items	**(1.6)**	**10.6**	**10.3**	**19.3**	**10.4**	**19.3**	**29.7**	**15.6**	**(3.0)**	**1.4**	**7.1**	**-**	**70.1**
Parent company costs													**(17.0)**
Underlying operating profit													**53.1**
Other items (Note 3)													**(49.1)**
Operating profit													**4.0**
Net finance costs before Other items													**(35.7)**
Non-underlying finance costs													**(0.2)**
Loss before tax													**(31.9)**
Income tax expense													**(11.5)**
Loss for the year													**(43.4)**

2. Revenue and segmental information (continued)

2022 (Restated)[1]	UK Interiors £m	UK Exteriors £m	UK Specialist Markets £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Eliminations £m	Total Group £m
Type of product													
Interiors	561.5	-	141.1	702.6	218.4	-	218.4	457.8	115.9	66.7	230.7	-	1,792.1
Exteriors	-	363.1	82.1	445.2	-	465.6	465.6	-	-	41.6	-	-	952.4
Inter-segment revenue	5.2	0.7	16.0	21.9	0.1	9.7	9.8	0.1	-	-	0.1	(31.9)	-
Total underlying and statutory revenue	566.7	363.8	239.2	1,169.7	218.5	475.3	693.8	457.9	115.9	108.3	230.8	(31.9)	2,744.5
Nature of revenue													
Goods for resale (recognised at point in time)	566.7	363.8	239.2	1,169.7	218.5	475.3	693.8	457.9	115.9	102.6	230.8	(31.9)	2,738.8
Construction contracts (recognised over time)	-	-	-	-	-	-	-	-	-	5.7	-	-	5.7
Total underlying and statutory revenue	566.7	363.8	239.2	1,169.7	218.5	475.3	693.8	457.9	115.9	108.3	230.8	(31.9)	2,744.5
Segment result before Other items	7.9	9.9	14.9	32.7	12.2	23.6	35.8	16.8	(3.0)	6.0	10.6	-	98.9
Parent company costs													(18.7)
Underlying operating profit													80.2
Other items (Note 3)													(24.0)
Operating profit													56.2
Net finance costs before Other items													(28.6)
Non-underlying finance costs													(0.1)
Profit before tax													27.5
Income tax expense													(12.0)
Profit for the year													15.5

[1] The 2022 segmental information has been restated in order to present on a consistent basis with the current year, as explained in Note 1.

3. Revenue and segmental information (continued)

Other segment information

2023	UK Interiors £m	UK Exteriors £m	UK Specialist Markets £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Parent company £m	Total Group £m
Depreciation and amortisation of fixed assets, right-of-use assets and computer software	15.5	12.4	5.1	**33.0**	7.4	12.6	**20.0**	15.9	2.2	3.0	4.6	0.3	**79.0**
Profit on sale of property	-	-	-	**-**	-	3.7	**3.7**	-	-	-	-	-	**3.7**

2022 (Restated)[1]	UK Interiors £m	UK Exteriors £m	UK Specialist Markets £m	UK Total £m	France Interiors £m	France Exteriors £m	France Total £m	Germany £m	Benelux £m	Ireland £m	Poland £m	Parent company £m	Total Group £m
Depreciation and amortisation of fixed assets, right-of-use assets and computer software	16.6	11.6	3.7	31.9	6.9	11.6	18.5	15.1	4.1	2.7	3.8	0.3	76.4

[1] The 2022 segmental information has been restated in order to present on a consistent basis with the current year, as explained in Note 1.

Geographic information

The Group's non-current operating assets (including property, plant and equipment, right-of-use assets, goodwill and intangible assets but excluding lease receivables, deferred tax and derivative financial instruments) by geographical location are as follows:

	2023 £m	2022 Restated[1] £m
United Kingdom	**240.0**	259.0
Ireland	**16.1**	16.5
France	**136.4**	134.7
Germany	**56.6**	57.6
Poland	**16.7**	14.5
Benelux	**9.2**	10.0
Total	**475.0**	492.3

[1] The 2022 Consolidated balance sheet has been restated as a result of the finalisation of the acquisition fair values, as explained in Note 1.

3. Other operating expenses

a) Analysis of operating expenses

	2023			2022 Restated[1]		
	Before Other items £m	**Other items £m**	**Total £m**	Before Other items £m	Other items £m	Total £m
Other operating expenses:						
Distribution costs	**320.9**	**4.3**	**325.2**	304.9	0.4	305.3
Selling and marketing costs	**179.8**	**2.6**	**182.4**	175.5	-	175.6
Management, administrative and central costs	**139.9**	**43.3**	**183.2**	133.9	21.6	155.4
Total other operating expenses	**640.6**	**50.2**	**690.8**	614.3	22.0	636.3
Impairment losses/(gains) on financial assets	**9.6**	**(1.1)**	**8.5**	16.5	2.0	18.5
Gain on disposal of property	**(3.7)**	**-**	**(3.7)**	-	-	-
Total	**646.5**	**49.1**	**695.6**	630.8	24.0	654.8

[1] The prior year comparative analysis has been restated to correct an error in the classification of costs. Further details are provided in Note 1.

b) Other items

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

	2023			2022		
	Other items £m	**Tax impact £m**	**Tax impact %**	Other items £m	Tax impact £m	Tax impact %
Amortisation of acquired intangibles	**(2.8)**	**0.1**	**3.6%**	(4.7)	0.9	19.1%
Impairment charges[1]	**(33.8)**	**-**	**-**	(15.8)	-	-
Net restructuring costs[2]	**(8.0)**	**1.2**	**15.0%**	(0.4)	0.1	25.0%
Costs related to acquisitions	**(3.2)**	**0.1**	**3.1%**	(2.5)	0.3	12.0%
Cloud based ERP implementation costs[3]	**(2.2)**	**0.1**	**4.5%**	(2.7)	0.7	25.9%
Onerous contract costs[4]	**(0.2)**	**-**	**-**	1.2	-	-
Costs associated with refinancing[5]	**-**	**-**	**-**	(0.4)	-	-
Other specific items[6]	**1.1**	**-**	**-**	1.3	0.4	(30.8)%
Impact on operating profit	**(49.1)**	**1.5**	**3.1%**	(24.0)	2.4	10.0%
Non-underlying finance costs[7]	**(0.2)**	**-**	**0.0%**	(0.1)	-	-
Impact on profit/(loss) before tax	**(49.3)**	**1.5**	**3.0%**	(24.1)	2.4	10.0%

[1] Impairment charges in the current year relate to the UK Interiors CGU and comprise £2.6m relating to goodwill, £2.2m customer relationships, £3.6m tangible fixed assets and £25.4m right-of-use assets. Impairment charges in the prior year related to the Benelux CGU and comprised £3.6m relating to goodwill, £2.5m tangible fixed assets and £9.7m right-of-use assets.
[2] Net restructuring costs in the year comprise £6.7m redundancy costs and £2.4m branch closure costs, including £1.6m impairment of right-of-use assets, tangible fixed assets and software, offset by £1.1m gain on the sublease and termination of property leases previously impaired, all related to restructuring across the Group. Costs in the prior year related to consultancy and redundancy costs in Benelux.
[3] Cloud based ERP implementation costs relate to costs incurred on strategic projects which are expensed as incurred rather than being capitalised as intangible assets.
[4] Onerous contract costs relate to the final settlement of provisions recognised in previous years for licence fee commitments where no future economic benefit was expected to be obtained.
[5] Costs associated with refinancing in the prior year related to the increase in the RCF and some additional costs relating to the refinancing.
[6] Other specific items comprises £1.1m reversal of provision for lease receivables, the reversal of onerous lease provisions and impairment of right-of-use assets in relation to a branch which has been reopened, offset by additional impairment of an investment property which is no longer in use by the Group. In the prior year, other specific items comprised the settlement and/or release of historic provisions, including amounts relating to businesses divested in previous years, impacts of the pensions member options exercise undertaken during the year and £2.0m provision for impairment of lease receivables.
[7] Non-underlying finance costs in the current year relate to the investment property referred to above. Costs in the prior year related to the unwinding of the discount on the onerous contract provision.

The total impact of the above amounts on the Consolidated cash flow statement is a cash outflow of £6.4m (2022: £15.8m).

4. Finance income and finance costs

	2023 £m	2022 £m
Finance income		
Interest on bank deposits	**2.2**	1.3
Total finance income	**2.2**	1.3
Finance costs		
On bank loans, overdrafts and other associated items[1]	**3.6**	2.6
On secured notes[2]	**14.1**	14.0
On obligations under lease contracts	**19.4**	13.3
Net finance charge on defined benefit schemes	**0.8**	-
Total finance costs before Other items	**37.9**	29.9
Non-underlying finance costs[3]	**0.2**	0.1
Total finance costs	**38.1**	30.0
Net finance costs	**35.9**	28.7

[1] Other associated items includes the amortisation of arrangement fees of £0.2m (2022: £0.1m).
[2] Included within finance costs on the secured notes is the amortisation of arrangement fees of £0.5m (2022: £0.5m).
[3] See Note 3 for further details on non-underlying finance costs.

5. Income tax

The income tax expense comprises:

		2023 £m	2022 £m
Current tax			
UK & Ireland corporation tax	- Charge for the year	**0.1**	0.8
	- Adjustments in respect of previous years	**(0.1)**	0.1
		-	0.9
Mainland Europe corporation tax	- Charge for the year	**12.2**	13.4
	- Adjustments in respect of previous years	**0.5**	0.3
		12.7	13.7
Total current tax		**12.7**	14.6
Deferred tax			
Origination and reversal of deductible temporary differences		**(0.7)**	(2.2)
Adjustments in respect of previous years		**(0.4)**	(0.3)
Effect of change in rate		**(0.1)**	(0.1)
Total deferred tax		**(1.2)**	(2.6)
Total income tax expense		**11.5**	12.0

As the Group's profits and losses are earned across a number of tax jurisdictions an aggregated income tax reconciliation is disclosed, reflecting the applicable rates for the countries in which the Group operates.

The total tax charge for the year differs from the expected tax using a weighted average tax rate which reflects the applicable statutory corporate tax rates on the accounting profits/losses in the countries in which the Group operates. The differences are explained in the following aggregated reconciliation of the income tax expense:

5. Income tax (continued)

	2023		2022	
	£m	**%**	£m	%
(Loss)/profit before tax	**(31.9)**		27.5	
Expected tax (credit)/charge	**(6.6)**	**20.7%**	8.5	30.9%
Factors affecting the income tax expense for the year:				
Expenses not deductible for tax purposes[1]	**2.8**	**(8.8)%**	2.1	7.6%
Non-taxable income	**(0.5)**	**2.0%**	(1.3)	(4.7)%
Impairment and disposal charges not deductible for tax purposes[2]	**0.6**	**(2.4)%**	3.0	10.9%
Deductible temporary differences not recognised for deferred tax purposes[3]	**15.3**	**(48.0)%**	2.2	8.0%
Utilisation of deferred tax assets not previously recognised	**-**	**-**	(2.5)	(9.1)%
Other adjustments in respect of previous years	**-**	**-**	0.1	0.4%
Effect of change in rate on deferred tax	**(0.1)**	**0.4%**	(0.1)	(0.4)%
Total income tax expense	**11.5**	**(36.1)%**	12.0	43.6%

[1] The majority of the Group's expenses that are not deductible for tax purposes are in relation to share-based payments, business entertainment, non-qualifying depreciation and other disallowable expenditure in the current year. The expenses not deductible for tax purposes in the prior year also included acquisition related costs.
[2] During the year the Group incurred impairment charges of £4.2m (2022: £15.8m) in relation to goodwill and other non-current assets which are not deductible for tax purposes.
[3] Deductible temporary differences not recognised for deferred tax purposes mainly relate to losses in the UK and Benelux and interest restricted under the UK corporate interest restriction rules which are not recognised as deferred tax assets.

The effective tax rate for the Group on the total loss before tax of £31.9m (2022: £27.5m profit) is negative 36.1% (2022: 43.6%). The effective tax rate on underlying profit before tax, excluding the impact of Other items, is 74.7% (2022: 27.9%). The tax impact of Other items is shown in Note 3. As the Group operates in several different countries tax losses cannot be surrendered or utilised cross border and the Group is therefore subject to tax in some countries and not in others. Tax losses in the UK and Benelux are not currently recognised as deferred tax assets, which impacts the overall and underlying effective tax rate. The relative proportions of these losses compared to the total Group underlying profit before tax are also higher for the year to 31 December 2023 compared to the previous year, and the combination of these factors has led to the increase in the underlying effective tax rate in the current year.

Factors that will affect the Group's future total tax charge as a percentage of underlying profits are:

- the mix of profits and losses between the tax jurisdictions in which the Group operates;
- the impact of non-deductible expenditure and non-taxable income;
- agreement of open tax computations with the respective tax authorities; and
- the recognition or utilisation (with corresponding reduction in cash tax payments) of unrecognised deferred tax assets.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15% or one of the other transitional safe harbour reliefs are available. Management is not currently aware of any circumstances under which this might change and therefore the Group does not expect a potential exposure to Pillar Two top-up taxes.

In addition to the amounts charged to the Consolidated income statement, the following amounts in relation to taxes have been recognised in the Consolidated statement of comprehensive income:

	2023	2022
	£m	£m
Deferred tax movement associated with remeasurement of defined benefit pension liabilities[1]	**(0.1)**	0.5
Exchange rate movements	**0.1**	0.1
	-	0.6

[1] This item will not subsequently be reclassified to the Consolidated income statement.

6. (Loss)/earnings per share

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

	Basic and diluted	
	2023 **£m**	2022 £m
(Loss)/profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share	**(43.4)**	15.5
Add back:		
Other items (see Note 3)	**47.8**	21.7
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings per share before Other items	**4.4**	37.2

	Weighted average number of shares	
	2023 **Number**	2022 Number
For basic (loss)/earnings per share	**1,148,348,913**	1,149,776,931
Effect of dilution from share options	**-**	33,638,307
Adjusted for the effect of dilution	**1,148,348,913**	1,183,415,238

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

The weighted average number of shares excludes those held by the SIG Employee Share Trust which are not vested and beneficially owned by employees.

	(Loss)/earnings per share	
	2023	2022
(Loss)/earnings per share		
Basic (loss)/earnings per share	**(3.8)p**	1.3p
Diluted (loss)/earnings per share	**(3.8)p**	1.3p
Earnings per share before Other items[1]		
Basic earnings per share before Other items	**0.4p**	3.2p

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

7. Acquisitions

The Group has not made any business acquisitions during the year.

On 14 July 2022 the Group acquired Thermodämm GmbH to enlarge its market share in the German screed flooring business and the acquisition was allocated to the Germany segment. On 22 July 2022 the Group acquired Miers Construction Products Limited to enlarge the UK Interiors business in terms of product range and geographic location, and the acquisition was allocated to the UK Interiors segment. The Miers business is now allocated to the UK Specialist Markets segment following the change in reported operating segments during the year.

The fair values of the identifiable assets and liabilities of the acquisitions at the date of acquisition have been finalised during the current year. This resulted in a decrease in the current tax asset of £0.3m, an increase in the current tax liability of £0.3m and a corresponding increase in the goodwill recognised of £0.6m in relation to the Miers acquisition. This has been recognised as a restatement of the 2022 Consolidated balance sheet and the final balances on acquisition are as follows:

7. Acquisitions (continued)

	2022		
	Miers Restated £m	Thermodämm £m	Total Restated £m
Assets			
Intangible assets (customer relationships)	12.0	1.7	13.7
Property, plant and equipment	0.8	0.2	1.0
Right-of-use assets	2.7	0.6	3.3
Cash and cash equivalents	4.1	0.2	4.3
Trade and other receivables	13.0	0.3	13.3
Inventories	7.3	0.6	7.9
	39.9	3.6	43.5
Liabilities			
Trade and other payables	(12.2)	(0.6)	(12.8)
Provisions	(1.1)	-	(1.1)
Current tax liability	(0.3)	-	(0.3)
Deferred tax liability	(3.0)	(0.7)	(3.7)
Bank loan	(3.2)	-	(3.2)
Lease liabilities	(2.7)	(0.7)	(3.4)
	(22.5)	(2.0)	(24.5)
Total identifiable net assets at fair value	17.4	1.6	19.0
Goodwill arising on acquisition	13.8	2.0	15.8
Purchase consideration transferred	31.2	3.6	34.8

The fair value of trade receivables amounted to £12.1m for Miers and £0.3m for Thermodämm. The gross amount of trade receivables was £12.5m for Miers and £0.3m for Thermodämm. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liability.

The goodwill of £13.8m relating to Miers comprised the value of expected synergies arising from the acquisition, strategic fit with the UK Interiors business and geographic location, in particular the developing sales in the construction accessories sector. The goodwill of £2.0m relating to Thermodämm comprised the value of the strategic fit within the German branch landscape and expected synergies arising from the acquisition.

From the date of acquisition, Miers contributed £27.6m of revenue and £0.2m to underlying profit before tax of the Group for the year ended 31 December 2022, and Thermodämm contributed £2.7m of revenue and £0.1m to underlying profit before tax. If the acquisitions had taken place at the beginning of the prior year, revenue for the Group would have been £2,783.0m and profit before tax for the Group would have been £30.5m. Acquisition-related costs of £0.8m for Miers and £0.1m for Thermodämm were recognised within Other items in the Consolidated income statement in 2022.

	2022		
	Miers £m	Thermodämm £m	Total £m
Cash paid on completion	26.9	3.4	30.3
Deferred consideration due within one year	-	0.2	0.2
Deferred consideration due after more than one year	1.8	-	1.8
Contingent consideration due after more than one year	2.5	-	2.5
Total consideration	31.2	3.6	34.8

The contingent consideration in relation to Miers is payable dependent on the performance of the business based on adjusted EBITDA exceeding an EBITDA threshold, as defined in the sale and purchase agreement, for the financial year to 31 December 2023, subject to a maximum of £2.6m. The range of contingent consideration payable is therefore £nil to £2.6m, with £2.5m recognised at the date of acquisition on the basis of forecasts and fair value calculation. This has been increased to the maximum £2.6m at 31 December 2023 based on actual results for the year, with the £0.1m increase recognised in profit or loss (within Other items), and the liability included within other payables due within one year on the Consolidated balance sheet. The fair value is measured using Level 3 inputs and is sensitive to changes in one or more observable inputs.

7. Acquisitions (continued)

A further amount of up to £4.0m is also payable in relation to Miers in 2024, which is dependent on the performance of the business for the financial year to 31 December 2023 and dependent on the vendors remaining within the business. This is therefore treated as remuneration and is being charged to the Consolidated income statement as earned. £1.2m was recognised and included within other payables at 31 December 2022, with a further £2.8m recognised in 2023 and the total liability of £4.0m included in other payables due within one year at 31 December 2023.

Analysis of cash flows on acquisition

	2022		
	Miers £m	Thermodämm £m	Total £m
Consideration paid (included in cash flows from investing activities)	(26.9)	(3.4)	(30.3)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	4.1	0.2	4.3
Total net cash flow included in cash flows from investing activities	(22.8)	(3.2)	(26.0)
Transaction costs (included in cash flow from operating activities)	(0.8)	(0.1)	(0.9)
Net cash flow on acquisition	(23.6)	(3.3)	(26.9)

Deferred consideration
A reconciliation of the movement in deferred consideration is provided below:

	2023 £m	2022 £m
Liability at 1 January	**2.5**	1.8
Liability arising on acquisitions in the year	**-**	2.0
Amounts paid relating to previous acquisitions (included in cash flows from investing activities)	**(0.7)**	(1.3)
Liability at 31 December	**1.8**	2.5
Included in current liabilities	**1.8**	0.7
Included in non-current liabilities	**-**	1.8
Total	**1.8**	2.5

Contingent consideration
A reconciliation of the movement in the fair value measurement of contingent consideration is provided below:

	2023 £m	2022 £m
Liability at 1 January	**3.0**	0.5
Liability arising on acquisitions in the year	**-**	2.5
Unrealised fair value changes recognised in profit or loss	**0.1**	-
Liability at 31 December	**3.1**	3.0
Included in current liabilities (within accruals and other payables)	**3.1**	0.5
Included in non-current liabilities (within other payables)	**-**	2.5
Total	**3.1**	3.0

7. Acquisitions (continued)

Consideration dependent on vendors remaining within the business

Amounts which may be paid to vendors of recent acquisitions who are employed by the Group and are contingent upon the vendors remaining within the business are, as required by IFRS 3 "Business Combinations", treated as remuneration and charged to the Consolidated income statement as earned. A reconciliation of the movement in amounts accrued is as follows:

	2023	2022
	£m	£m
Liability at 1 January	**1.2**	0.6
New amounts accrued	**2.8**	1.4
Amounts paid (included within cash flow from operating activities)	**-**	(0.8)
Liability at 31 December	**4.0**	1.2
Included in current liabilities (within accruals and other payables)	**4.0**	-
Included in non-current liabilities (within other payables)	**-**	1.2
Total	**4.0**	1.2

8. Reconciliation of (loss)/profit before tax to cash generated from operating activities

	2023	2022
	£m	£m
(Loss)/profit before tax	**(31.9)**	27.5
Net finance costs	**35.9**	28.7
Depreciation of property, plant and equipment	**12.7**	12.6
Depreciation of right-of-use assets	**63.9**	60.6
Amortisation of computer software	**2.4**	3.2
Amortisation of acquired intangibles	**2.8**	4.7
Impairment of property, plant and equipment	**4.4**	2.5
Impairment of goodwill	**2.6**	3.6
Impairment of acquired intangibles and computer software	**2.5**	-
Impairment of right-of-use assets	**26.2**	9.7
(Reversal of impairment)/impairment of lease receivable	**(1.1)**	2.0
Gain on lease transactions	**(1.1)**	-
Gain on disposal of property, plant and equipment	**(4.3)**	(0.4)
Share-based payment expense	**5.5**	4.4
Net foreign exchange differences	**-**	(1.0)
Decrease in provisions	**(0.2)**	(11.4)
Working capital movements:		
- Decrease/(increase) in inventories	**9.2**	(13.0)
- Decrease/(increase) in receivables	**45.2**	(41.6)
- (Decrease)/increase in payables	**(46.3)**	40.2
Cash generated from operating activities	**128.4**	132.3

Included within the cash generated from operating activities is a defined benefit pension scheme employer's contribution of £2.5m (2022: £2.5m).

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

	2023	2022
	£m	£m
Increase/(decrease) in cash and cash equivalents in the year	**2.7**	(18.3)
Net cash outflow from repayment of leases and other debt[1]	**84.5**	76.1
Decrease in net debt resulting from cash flows	**87.2**	57.8
Deferred consideration added on acquisitions	**-**	(2.0)
Other debt added on acquisitions	**-**	(6.6)
Non-cash movement in lease liabilities and lease receivables	**(105.8)**	(111.3)
Non-cash items[2]	**(3.3)**	1.4
Exchange differences	**7.9**	(18.3)
Increase in net debt in the year	**(14.0)**	(79.0)
Net debt at 1 January	**(444.0)**	(365.0)
Net debt at 31 December	**(458.0)**	(444.0)

[1] Including interest element of lease payments.
[2] Other non-cash items relates to the fair value movement of debt and derivative financial instruments recognised in the year which does not give rise to a cash inflow or outflow.

Net debt is defined as follows:

	2023	2022
	£m	£m
Non-current assets:		
Derivative financial instruments	**-**	0.2
Lease receivables	**2.2**	1.2
Current assets:		
Derivative financial instruments	**-**	1.6
Lease receivables	**1.1**	0.1
Cash at bank and on hand	**132.2**	130.1
Current liabilities:		
Lease liabilities	**(64.9)**	(56.5)
Interest-bearing loans and borrowings	**(0.8)**	(0.8)
Deferred consideration	**(1.8)**	(0.7)
Derivative financial instruments	**(1.0)**	-
Non-current liabilities:		
Lease liabilities	**(264.9)**	(251.2)
Interest-bearing loans and borrowings	**(260.0)**	(266.1)
Deferred consideration	**-**	(1.8)
Derivative financial instruments	**(0.1)**	(0.1)
Net debt	**(458.0)**	(444.0)

Of the cash at bank and on hand of £132.2m, £1.0m is required to be held to cover bank guarantees issued to third parties and is therefore restricted for use by the Group.

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

Analysis of movements in net debt:

	At 31 December 2022 £m	Cash flows £m	Non-cash items[1] £m	Exchange differences £m	At 31 December 2023 £m
Cash at bank and on hand	130.1	2.7	-	(0.6)	**132.2**
Lease receivables	1.3	(0.6)	2.6	-	**3.3**
	131.4	2.1	2.6	(0.6)	**135.5**
Liabilities arising from financing activities					
Financial assets – derivative financial instruments	1.8	-	(1.8)	-	**-**
Debts due within one year	(1.5)	1.5	(3.6)	-	**(3.6)**
Debts due after one year	(268.0)	-	2.1	5.8	**(260.1)**
Lease liabilities	(307.7)	83.6	(108.4)	2.7	**(329.8)**
	(575.4)	85.1	(111.7)	8.5	**(593.5)**
Net debt	(444.0)	**87.2**	**(109.1)**	**7.9**	**(458.0)**

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

10. Dividends

No interim dividend was paid for the year ended 31 December 2023 and no final dividend is proposed. No interim or final dividend was proposed or paid for the year ended 31 December 2022. No dividends have been paid between 31 December 2023 and the date of signing the Financial statements.

11. Provisions

	Onerous leases £m	Leasehold dilapidations £m	Onerous contracts £m	Other amounts £m	Total £m
At 1 January 2023	0.1	24.4	0.9	1.5	**26.9**
Unused amounts reversed in the period	-	(1.1)	-	(0.2)	**(1.3)**
Utilised	(0.1)	(1.0)	(1.1)	(0.8)	**(3.0)**
New provisions	0.3	3.5	0.2	2.4	**6.4**
Exchange differences	-	(0.1)	-	-	**(0.1)**
At 31 December 2023	**0.3**	**25.7**	**-**	**2.9**	**28.9**

	2023 £m	2022 £m
Included in current liabilities	**7.9**	9.6
Included in non-current liabilities	**21.0**	17.3
Total	**28.9**	26.9

Onerous leases
In accordance with IFRS 16, the future rental payments due over the remaining term of existing lease contracts is included in the lease liability, with the right-of-use asset impaired to reflect the future cost not covered through sublease income. The remaining onerous lease provision relates to other non-rental costs due over the remaining lease term based on expected value of costs to be incurred and assumptions regarding subletting. The balance at 31 December 2023 is payable over the relevant lease terms, the longest unexpired term being 18 years to 2041.

Leasehold dilapidations
This provision relates to contractual obligations to reinstate leasehold properties to their original state of repair. The provision is calculated based on both the estimated liability to rectify or reinstate leasehold improvements and modifications carried out on the inception of the lease (recognised on inception with corresponding fixed asset) and the liability to rectify general wear and tear which is recognised as incurred over the life of the lease. The costs will be incurred both at the end of the leases and during the lease term (wear and tear).
Onerous contracts

Onerous contract provisions related to licence fee commitments where no future economic benefit was expected to be obtained, principally in relation to the SAP S/4HANA implementation following the change in scope of the project in previous years. The licence fee contract is now ended and there is no remaining provision at 31 December 2023.

Other amounts
Other amounts relate principally to claims and warranty provisions based on expected value and past experience and provisions for restructuring costs based on expected value but where the amount and timing are uncertain. The transfer of economic benefit is expected to be made between one and four years' time.

As disclosed in the prior year, two of SIG's wholly owned subsidiaries in Benelux were subject to legal proceedings brought by a customer in connection with the installation of insulation at an industrial facility in Belgium. A provision was recognised within "Other amounts" at 31 December 2022. The matter was settled during the year, included within the "utilised" amount of £0.8m, and no further provision in relation to this remains at 31 December 2023.

12. Contingent liabilities

At 31 December 2022 the Group disclosed a contingent liability in relation to legal proceedings being brought against two of the Group's subsidiaries in Benelux. The claim has been settled during the year and the contingent liability no longer exists.

As at the balance sheet date, the Group had outstanding obligations under customer guarantees, claims, standby letters of credit and discounted bills of up to £12.5m (2022: £11.7m). Of this amount, £6.1m (2022: £5.2m) relates to a standby letter of credit issued by HSBC Bank plc in respect of the Group's insurance arrangements.

As part of the disposal of the Building Plastics business in 2017 a guarantee was provided to the landlord of the leasehold properties transferred with the business covering rentals over the remaining term of the leases in the event that the acquiring company enters into administration before the end of the lease term. The maximum liability that could arise from this would be approximately £0.6m (2022: £0.8m) based on the remaining future rent commitment at 31 December 2023. No provision has been made in these financial statements as it is not considered likely that any loss will be incurred in connection with this.

13. Related party transactions

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

In 2022, SIG incurred expenses of £0.3m (2022: £0.2m) on behalf of the SIG plc Retirement Benefits Plan, the UK defined benefit pension scheme.

Remuneration of key management personnel
The total remuneration of key management personnel of the Group, being the Executive Leadership Team members and the Non-Executive Directors, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures".

	2023	2022
	£m	£m
Short-term employment benefits	**6.7**	7.9
Termination and post-employment benefits	**0.3**	0.1
IFRS 2 share-based payment expense	**4.6**	2.9
	11.6	10.9

Principal risks and uncertainties

The Board, supported by the Audit Committee, sets the strategy for the Group and ensures the associated risks are effectively identified and managed through the implementation of the risk management and control frameworks.

The Group employs a three lines model to provide a simple and effective way to enhance risk and control management processes and ensure roles and responsibilities are clear. The Board maintains oversight to ensure risk management and control activities carried out by the three lines are proportionate to the perceived degree of risk and its own risk appetite across the Group.

To identify our risks, we focus on our strategic objectives and consider what might stop us achieving our plan within our strategic planning period. The approach combines a top-down strategic Group-level view and a bottom-up operational view of the risks at operating company level. Meetings are held with our operating company leadership teams to identify the risks within their operations. These are consolidated and, in conjunction with a series of discussions held with Executive Leadership Team and Non-Executive Directors, provide the inputs to identify and validate our principal risks.

The Board regularly monitors the Group risk register, which includes the ten principal risks to the Group set out below. These risks, if they materialise, could have a significant impact on the Group's ability to meet its strategic objectives.

Risk	**Mitigations**
Cyber security: Internal or external cyber attacks could result in system disruption or sensitive date being compromised In the context of widespread dependency on increasingly complex digital systems, growing cyber threats are outpacing societies' ability to effectively prevent and manage them. These risks are also exacerbated by an increasing willingness of nation states to engage in asymmetric cyber warfare to achieve geopolitical aims and the relative ease with which new artificial intelligence (AI) and machine learning (ML) technologies can be utlised for adversarial purposes. For example Generative AI is making cyberattacks more sophisticated through more believable social engineering, automated phishing attacks and adaptive malware. There is a risk that we lack the capabilities to effectively prevent, monitor, respond to, or recover from, suspected cyber-attacks on our IT infrastructure. Such attacks may result in a loss of data or disruption to IT services which may have a significant impact on our ability to operate and comply with data protection and privacy laws (e.g. GDPR), and may have a detrimental effect on our reputation.	Cyber security continues to receive Board and Executive Leadership Team focus with an emphasis on ensuring that appropriate technologies are deployed across IT infrastructure to manage cyber threats. Regular and independent reviews are performed to assess the nature of potential cyber threats, security processes and initiatives. They also ensure that we implement appropriate tools and processes to better identify and remediate new and emerging cyber risks and vulnerabilities. Cyber-incident response protocols are in place to support our ability to effectively respond to and recover from a cyber threat or incident and ongoing cyber training campaigns and initiatives ensure employees are alert to the nature and consequences of cyber-attacks. Cyber policies are regularly reviewed and updated to ensure they reflect the nature of risks and threats and, for example, during 2023 we have published policies regarding the opportunities and risks regarding the use of new AI and ML technologies.
Health & Safety: Danger of incident or accident, resulting in injury or loss of life to employees, customers, or the general public There is a risk that poor organisational arrangements or behavioural culture with regards to health & safety causes harm to individuals and as a result may result in enforcement action, penalties, reputational damage, or adverse press coverage.	The Group Health, Safety and Environment Director is a member of the Executive Leadership Team and provides strategic leadership for all health, safety and environmental matters. Local health and safety managers in each of our businesses provide local leadership and support, monitor and report our performance and key metrics, and implement actions and initiatives. A new Group-wide 'Everyone Safe, Every Day' health and safety strategy, objectives and KPIs were introduced in 2023. A compliance standards framework is in place to ensure the adequacy of local health and safety standards and arrangements, with assurance provided through a programme of compliance audits performed by suitably trained and experienced health and safety professionals.
Macro-economic uncertainty: Macro-economic volatility may impact the Group's ability to accurately forecast and to meet internal and external expectations Geo-political and macroeconomic events can lead to a decline in general economic activity and, or including, a decline in construction industry activity.	We continue to assess inflationary and other supply chain pressures and impacts on product pricing and will continue to work with our suppliers to identify opportunities to improve supply chain resilience. The Group's geographical diversity across Europe, serving customers across residential, commercial, industrial and infrastructural sectors, combined with our broad portfolio of categories, product offerings and specialisms, all serve to reduce the impact of changes in a specific territory or market. While

Risk	Mitigations
Conflicts in Ukraine and the Middle-East, political and governmental change, will all contribute to economic turbulence and volatility which can impact our business. While headline inflation is broadly expected to fall throughout 2024, inflation remains uncertain and impacts tighter monetary policy, deflationary pressures, higher interest rates, higher costs of living and doing-business across our end markets. This volatility has the potential to impact customer demand, and create financial and operational pressure, while adding costs to our operations and making planning and forecasting more difficult.	industry-based KPIs, monitored monthly at a Group and operating company level, help to ensure that warnings and indicators of risks and opportunities are identified early, and appropriate mitigation strategies implemented.
Attract, recruit and retain our people: Failure to attract and retain people with the right skills, drive and capability to reshape and grow the business SIG's ability to deliver its objectives and to compete effectively is, in part, dependent on its ability to recruit and retain colleagues with the necessary skills, experience and ability to deliver expected performance levels. A combination of structural labour and vocational skills shortages in the construction sector, exacerbated by increased employee concerns regarding the significant wage inflation pressure resulting from an increased cost of living, has the potential to negatively impact SIG's ability to attract, recruit and retain staff across the full spectrum of disciplines.	We continue to invest in learning and development programmes to ensure both vocational and technical training needs are met whilst retaining an agile workforce. Our apprenticeships and training academies help develop the near and long-term skills of our employees. We regularly review our organisational structures and accountabilities, and ensure our structures optimise employee motivation and engagement. Employee engagement is monitored through an annual survey and a Workforce Engagement programme run by the Board. Ongoing enhancements to pay and conditions, including market benchmarking, broadening variable remuneration elements and retention and succession planning also helps to mitigate this risk. Our businesses have also introduced programmes to support employee health and wellbeing. This includes training for all employees on keeping themselves and their colleagues safe and well.
Data quality and governance: Poor data quality could impact our financial management, fact-based decision making, business efficiency, and credibility with customers There is a risk that we lack the necessary quality of systems and processes to ensure sufficient granularity, completeness, and accuracy of vendor, product and pricing master data. This has the potential to impact our ability to deliver a digital customer experience, provide enhanced product and customer analytics or insight and comply with both existing and new regulatory requirements.	Product and customer data quality remains a focus area for our operating companies, who continue to monitor, assess and upgrade their product data requirements, capabilities and governance considering ongoing changes in business needs and regulation. We also continue to maintain and upgrade our ERP systems where relevant to ensure these systems support the required data quality and governance required.
Environmental, social and governance (ESG): Reputational impacts from poor environmental, social and governance arrangements and performance Public and commercial consciousness, driven in part by ongoing regulatory pressures, continues to evolve on a wide range of environmental, social and governance issues, including climate change, employee wellbeing and how an organisation contributes to society. While SIG has a long and rich heritage in helping the construction industry deliver energy efficient solutions and products, risks remain in terms of how we deliver our ESG agenda. This is particularly the case in how we ensure we achieve our stated aims with regards to climate change and decarbonisation. These risks include the cost and complexity of compliance, the challenges presented by the decarbonisation of our vehicle fleet and estate and how we engage with the wider industry to reduce product and supply-chain carbon impacts.	Our ESG commitments include a focus on health and safety leadership, reaching net zero carbon, sending zero SIG waste to landfill, partnering to reduce carbon and waste across the supply chain, and becoming an employer of choice in our industry. These commitments will be supported by verified data to ensure that progress in achieving these aims and ambitions is monitored and subject to appropriate rigour. To do this, we have enhanced our sustainability reporting and budgeting processes (particularly in relation to carbon emissions and waste) to ensure that we are able to effectively track both the progress and financial impacts of commitments. In terms of employee wellbeing, each of our businesses has introduced programmes and initiatives to support employees, underpinned by a Group-wide employee health and wellbeing policy and training for all employees to understand their responsibilities to keep themselves and their colleagues safe and well.
Mergers and acquisitions: Inability to successfully execute, integrate and leverage merger and acquisition opportunities	We have appropriate M&A resource across the organisation supported, and utilise external advisors where necessary for the effective identification and prioritisation of acquisition opportunities.

Risk	Mitigations
Where necessary, we may from time to time acquire new businesses. Such decisions are based on detailed plans that assess the value creation opportunity for the Group. By their nature, there is an inherent risk that we fail to manage the execution and integration risks which may result in delays or additional costs and impact the future value and revenues generated.	Resource is also available in the organisation to ensure that transactions are subject to the necessary pre and post-acquisition and integration activities and processes. Clear accountability and authority limits for the initiation and approval of M&A activity are defined in the Group Delegation of Authority.
Legal or regulatory compliance: Failing to comply with or breaching legal or regulatory requirements The Group's operations are subject to an increasing and evolving range of regulatory and other requirements in the markets in which it operates. A major corporate failure resulting from a non-compliance with legislative, regulatory or other requirements would impact our brand and reputation, could expose us to significant operational disruption or result in enforcement action or penalties.	Our Group General Counsel is a member of the Executive Leadership Team and is supported by appropriately skilled in-house legal and company secretarial resource at Group and operating company level, with further support provided by an approved panel of external lawyers and advisors. Policies and procedures are in place to ensure compliance with legal and regulatory frameworks, including health and safety, environmental, ethical, fraud, data protection and product safety. The Group's internal controls function ensures that appropriate and effective controls are in place against material financial misstatement, errors, omissions or fraud. Our Code of Conduct is available on our website and forms part of our employee induction programme. E-learning tools are also deployed across the organisation to ensure employees are aware of, and understand, their obligations. A whistleblowing hotline, managed and facilitated by an independent third party, is in place throughout the Group. All calls are followed up and investigated fully with all findings reported to the Board.
Modernisation: Failure to deliver the digital capabilities necessary to support improved efficiency and productivity or to remain competitive in the marketplace Increased technological innovation and change has accelerated the increasing role digitalisation will have in the construction materials supply chain. We continue to seek opportunities to ensure we can deliver digital solutions to enable a more efficient, integrated, and frictionless experience for our colleagues, customers and suppliers. This risk may be exacerbated by legacy systems and technologies which are heavily customised, require significant system maintenance to prevent outages and lack the functionality to allow their integration into a more modern digital infrastructure.	We continue to evaluate new technologies and make investments in the digital workplace to ensure that we maintain a competitive digital proposition. Across our markets each operating company is responsible for ensuring that it has an appropriate technology roadmap to identify how it implements the necessary technologies and ways of working to ensure that it can maximise digital opportunities in terms of enhancing the customer experience and optimising transactional, fulfilment or process efficiencies. During 2023, we invested in new ERP technologies in our Benelux and French businesses and started the necessary planning for a number of ERP replacement or enhancement programmes across our operating companies.
Change management: Inability to change and grow the organisation as planned in order to meet growth targets The Group is committed to improving its operating performance, with a strategy, key actions and progress on these. This will inevitably require changes to organisational structures, roles, and ways of working, while we continue to modernise existing and implement new IT systems. There is a risk that these initiatives, allied to the impacts of challenging market conditions for our business and employees, results in 'change fatigue' and either future changes are not implemented as planned, or the benefits are not realised.	Operating companies continue to manage change portfolios through programme management governance committees. Increased monitoring has been implemented, particularly regarding progress against growth initiatives, in line with our strategy. Monitoring of business growth metrics and early warning indicators or trends continues as part of business reviews at both the management and Board level. Our ongoing employee engagement surveys continue to facilitate the early identification of change impact in terms of our employees, and action plans are implemented and monitored accordingly.

Non-statutory information

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

These measures, as shown below, are used to improve the comparability of information between reporting periods and geographical units and to adjust for Other items (as explained in further detail within the Accounting policies). This also reflects how the business is managed and measured on a day-to-day basis. Measures presented are aligned with the key performance measures used in the business and as included in the Strategic report.

a) Net debt

Net debt is a key metric for the Group, and monitoring it is an important element of treasury risk management for the Group. Net debt excluding the impact of IFRS 16 is no longer relevant for financial covenant purposes but is still monitored for comparative purposes.

	2023 **£m**	2022 £m
Reported net debt	**458.0**	444.0
Lease liabilities recognised in accordance with IFRS 16	**(307.3)**	(285.0)
Lease receivables recognised in accordance with IFRS 16	**3.3**	1.3
Net debt excluding impact of IFRS 16	**154.0**	160.3

b) Leverage

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

	2023 **£m**	2022 £m
Underlying operating profit	**53.1**	80.2
Add back:		
Depreciation of right-of-use assets and property, plant and equipment	**76.6**	73.2
Amortisation of computer software	**2.4**	3.2
Underlying EBITDA	**132.1**	156.6
Reported net debt	**458.0**	444.0
Leverage	**3.5x**	2.8x

Leverage excluding the impact of IFRS 16 is calculated as follows:

	2023 **£m**	2022 £m
Underlying operating profit	**53.1**	80.2
Impact of IFRS 16	**(13.5)**	(8.6)
Underlying operating profit excluding impact of IFRS 16	**39.6**	71.6
Add back:		
Depreciation excluding impact of IFRS 16	**13.0**	12.2
Amortisation of computer software	**2.4**	3.2
Underlying EBITDA excluding the impact of IFRS 16	**55.0**	87.0
Net debt excluding the impact of IFRS 16	**154.0**	160.3
Leverage excluding the impact of IFRS 16	**2.8x**	1.8x

c) Like-for-like sales

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

	UK Interiors £m	**UK Exteriors £m**	**UK Specialist Markets £m**	**UK Total £m**	**France Interiors £m**	**France Exteriors £m**	**France Total £m**	**Germany £m**	**Benelux £m**	**Ireland £m**	**Poland £m**	**Total Group £m**
Statutory and underlying revenue 2023	563.7	370.4	266.0	**1,200.1**	219.0	471.3	**690.3**	462.1	116.9	94.1	237.9	**2,801.4**
Less inter-segment revenue	(7.2)	(1.0)	(18.4)	**(26.6)**	(0.1)	(13.3)	**(13.4)**	-	-	(0.2)	-	**(40.2)**
External revenue	**556.5**	**369.4**	**247.6**	**1,173.5**	**218.9**	**458.0**	**676.9**	**462.1**	**116.9**	**93.9**	**237.9**	**2,761.2**
Statutory and underlying revenue 2022	566.7	363.8	239.2	1,169.7	218.5	475.3	693.8	457.9	115.9	108.3	230.8	2,776.4
Less inter-segment revenue	(5.2)	(0.7)	(16.0)	(21.9)	(0.1)	(9.7)	(9.8)	(0.1)	-	-	(0.1)	(31.9)
External revenue	561.5	363.1	223.2	1,147.8	218.4	465.6	684.0	457.8	115.9	108.3	230.7	2,744.5
% change year on year:												
Underlying revenue	(0.9)%	1.7%	10.9%	**2.2%**	0.2%	(1.6)%	**(1.0)%**	0.9%	0.9%	(13.3)%	3.1%	**0.6%**
Impact of currency	-	-	-	**-**	(1.6)%	(1.6)%	**(1.6)%**	(1.6)%	(1.6)%	(1.4)%	(5.1)%	**(1.2)%**
Impact of acquisitions	-	-	(16.4)%	**(3.0)%**	-	-	**-**	(1.0)%	-	-	-	**(1.4)%**
Impact of working days	(0.4)%	(0.4)%	(0.4)%	**(0.4)%**	0.4%	0.4%	**0.4%**	0.4%	0.4%	-	-	**-**
Like-for-like sales	**(1.3)%**	**1.3%**	**(5.9)%**	**(1.2)%**	**(1.0)%**	**(2.8)%**	**(2.2)%**	**(1.3)%**	**(0.3)%**	**(14.7)%**	**(2.0)%**	**(2.0)%**

d) Operating margin

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

	2023 **£m**	2022 £m
Underlying revenue	**2,761.2**	2,744.5
Underlying operating profit	**53.1**	80.2
Operating margin	**1.9%**	2.9%

e) Free cash flow

Free cash flow is defined as all cash flows excluding M&A transactions, dividend payments and financing transactions. Operating cash flow represents free cash flow before interest and financing, costs of refinancing and tax. These measures are used to enhance understanding and comparability of the cash generation of the Group.

	2023 **£m**	2022 £m
Increase/(decrease) in cash and cash equivalents in the year	**2.7**	(18.3)
Add back:		
Net cash flow on the purchase of businesses	**-**	26.0
Settlement of amounts payable for previous purchases of businesses	**0.7**	1.3
Investment in financial assets	-	0.2
Repayment of borrowings	**0.8**	1.4
Free cash flow	**4.2**	10.6
Add back:		
Finance costs paid	**36.9**	30.1
Finance income received	**(2.2)**	(1.3)
Other refinancing cash costs[1]	**-**	1.1
Tax paid	**14.0**	14.3
Operating cash flow	**52.9**	54.8

[1] Includes costs accrued in the prior year and paid in the current year.

f) Other non-statutory measures

In addition to the alternative performance measures noted above, the Group also uses underlying EPS (as set out in Note 6), underlying net finance costs (as set out in Note 4) and average trade working capital to sales ratio. Average trade working capital to sales ratio is calculated as the average trade working capital each month end (net inventory, gross trade creditors, net trade receivables and supplier rebates receivable) divided by underlying revenue.