25 July 2024

HOWDENS

Howdens' Half Year Results Statement

Encouraging performance with further market share gains led by strategic initiatives. On track with 2024 outlook.

Results summary

£ millions (unless stated)	H1 2024[1]	H1 2023	vs 2023	vs 2019[2]
Group revenue	966.3	926.9	+4.3%	+48.1%
- UK	933.7	895.1	+4.3%	
- International	32.6	31.8	+2.5%	
Gross profit margin, %	60.8%	61.0%		
Operating profit	117.2	117.0	-	
Profit before tax (PBT)	112.3	111.9	-	+43.8%
Basic earnings per share, p	15.4p	15.4p	-	
Interim dividend per share, p	4.9p	4.8p	+2.1%	
Cash at end of period	165.5	117.8		

[1] The information presented relates to the 24 weeks to 15 June 2024, and the 24 weeks to 10 June 2023, unless otherwise stated.
[2] 2019 is shown for comparison being the last year of trading before the start of the COVID pandemic.

Highlights

- Revenue of £966.3m was 4.3% ahead of last year.
  - Good UK revenue growth in H1 in a challenging marketplace, gained market share in the period.
  - International business on track with an improvement in depot performance.
- Maintained industry leading gross margins of 60.8%.
- Profit before tax of £112.3m in line with last year, after £16m investment in our strategic initiatives in H1. Majority of cost increases due to higher inflation offset by productivity and efficiency improvements.
- Strong balance sheet with £165.5m of cash at end of the period.
- Interim dividend increased by 2.1% to 4.9p per share.
- Continued progress on sustainability. Howdens' Net Zero plan approved by Science-Based Targets Initiative (SBTi) in January 2024.
- Performance since the start of the second half in line with management's expectations. The Group is on track with its outlook for 2024.

Commenting on the results Andrew Livingston, Chief Executive said:

"Howdens performance in the first half was encouraging and we gained market share in a challenging marketplace. We continued to invest in our strategic initiatives which is strengthening our differentiated business model and delivering positive results.

"We are focused on the significant growth opportunities in our core UK kitchen and joinery markets. To access these, we are progressing our new depot and reformat programme and making range and product innovations. We are also manufacturing more of what we sell and, alongside the provision of unequalled stock availability, we are adding further digital capabilities to support our trade customers and depot teams. We continue to see opportunities to develop our business model internationally and we're making good progress in establishing Howdens' presence, laying the foundations for future success."

Operational developments in the first half

- *Network expansion* – we plan to open c.30 new UK locations and c.5 new international depots this year. To date we have opened 10 depots in the UK and one in the Republic of Ireland.
- *Depot revamps and relocations* – we completed 26 in the period and expect to complete c.85 this year.
- *New product introductions* – 11 new kitchen ranges for 2024 and we are refreshing our joinery, paint to order and solid worksurface offerings and extending our product line up with new bedroom ranges.
- *Manufacturing expansion* – we are expanding our capabilities and capacity. This year our new kitchen frontal and end-panel line at our Howden site will produce around 2m pieces up from 600,000 in 2023.
- *Supply chain optimisation* – stock availability remains a key differentiator for why our trade customers buy from us. We continue to invest in technology and infrastructure to maintain these high service levels. Through our cross docking (XDC) network and 'Daily traders' initiatives we are optimising stock across the network and rebalancing where we hold it in the most efficient way.
- *Digital investment* – we have launched an upgraded click and collect service enabling customers to see live depot stock which offers greater surety of availability which is particularly useful for everyday items.
- *International development* – outside of the UK we are building out our depot teams' capabilities with encouraging results. We have upgraded our offering of footfall promoting products with aligned promotional activity and more supplier support.

Current trading and outlook for 2024

Despite the continued challenging market environment, our builder customers remain busy. We are maintaining our focus on competitive pricing to support them, while balancing ongoing inflationary pressures to optimise volumes. We are also maintaining a disciplined approach to managing our cost base to optimise operational performance, while implementing our strategic initiatives to support continued market outperformance and long-term growth. This will stand us in good stead for when market conditions improve.

While our results are second half weighted given the Autumn peak trading period, our performance since the start of the second half, has been in line with our expectations. Despite the challenging market conditions, the progress of our strategic initiatives and current trading momentum gives us confidence that the Group is on track with its outlook for 2024. We remain focused on delivering growth ahead of our markets, while generating strong cash flow, and attractive returns for shareholders over the medium-term.

Technical guidance for 2024

Income statement

- As a result of the 53rd week in 2023 there was an earlier start to trading in 2024 across the Group with our depots open in the first week of 2024, when they were closed in 2023. This reverses in H2 when there are fewer trading days than in 2023.
- As previously announced, there is a benefit in H2 2024 from the non-repeat of the additional 53rd week in 2023 when £17m of additional costs were incurred.
- We expect a continuation of higher freight costs due to rising container costs. At current pricing around £5m of additional costs is expected in the second half as inventory procured and shipped in H1 is sold.
- Foreign exchange sensitivity in COGS of Euro: +/- €0.01 = £1.6m; US Dollar: +/- $0.01 = £0.7m.

Cashflow

- Receivables are expected to increase by around £50m due to the later calendar end of our autumn peak trading period, with a higher proportion of customer payments not being due until after the year-end.
- Capital expenditure is anticipated at around £125m including investments to support future growth.

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Results presentation:
There will be an in-person analyst and investor presentation at 0830 today at **Freshfields**, 100 Bishopsgate London EC2P 2SR, with light refreshments served from 0800. A live video webcast will be available on https://brrmedia.news/HWDN_HY24
For more information visit: www.howdenjoinerygroupplc.com.
Dial-in numbers are below:
We recommend you register before 0815 (UK time).

Dial in phone numbers:
UK-Wide: +44 (0) 33 0551 0200
USA: +1 786 697 3501

Quote **HOWDENS' HALF YEAR RESULTS** when prompted by the operator.
The webcast will be recorded and available on our website after the event at:
www.howdenjoinerygroupplc.com

Notes to editors:

1. About Howden Joinery Group Plc

Howdens is the UK's number one specialist kitchen and joinery supplier. In the UK, the company sells kitchens and joinery products to trade customers, primarily local builders, through 850 depots. In 2023, the Group generated revenues of around £2.3 billion and profit before tax of £327.6 million. Around 35% of Howdens' cost of goods sold are products manufactured in-house at its two principal factories in Runcorn, Cheshire, and Howden, East Yorkshire. At the end of 2023, Howdens operated from 65 depots in France and Belgium and 10 depots in the Republic of Ireland.

2. Timetable for the interim dividend

The timetable for payment of the proposed interim dividend of 4.9p per ordinary share is as follows:

Ex-dividend date:	17 October 2024
Record date:	18 October 2024
Payment date:	22 November 2024

3. Provisional financial calendar

2024	
Trading update	7 November 2024
End of financial year	28 December 2024
2025	
Full year results	27 February 2025

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Financial review

Financial results for H1 2024[1]

Revenue £m (unless stated)	H1 2024	H1 2023	Change	# depots at period end
UK - same depot basis[2]	919.7	894.3	+2.8%	807
UK depots opened in previous two years	14.0	0.8		43
	933.7	**895.1**	**+4.3%**	**850**
International	32.6	31.8	+2.5%	76
Group	**966.3**	**926.9**	**+4.3%**	**926**

Local currency revenue €m (unless stated)	H1 2024	H1 2023	Change	# depots at period end
International – same depot basis[2]	36.0	36.0	-	65
International depots opened in previous two years	2.0	0.3		11
International	**38.0**	**36.3**	**+4.7%**	**76**

[1] The information presented relates to the 24 weeks to 15 June 2024, and the 24 weeks to 10 June 2023, unless otherwise stated.
[2] Same depot basis for any year excludes depots opened in that year and the prior year

Group revenue of £966.3m was 4.3% ahead of the prior year (2023: £926.9m) which represents a good performance in challenging market conditions in the UK and France. UK depot revenue grew 4.3% to £933.7m (2023: £895.1m). Revenue was 2.8% ahead of the prior year on a same depot basis[2] at £919.7m (2023: £894.3m), this excludes the additional revenue from depots opened in 2024 and 2023 of £14.0m (2023: £0.8m).

On a local currency basis, the international depots grew revenue by 4.7% to €38.0m (2023: €36.3m) which was in line with the prior year on a same depot basis[2]. Adjusting for the impact of foreign exchange translation, reported revenue was 2.5% ahead at £32.6m (2023: £31.8m).

Gross profit

Gross profit of £587.3m (2023: £565.4m) was ahead of the prior year as we have continued to recover increases in commodities and energy costs through price increases and commodity improvements. Gross margin of 60.8% (2023: 61.0%) was in line with our plans and reflected some additional promotional support on everyday joinery products with the objective of increasing customer footfall into the depot network.

Operating profit

Operating profit of £117.2m was in line with last year (2023: £117.0m) and the operating profit margin was 12.1% (2023: 12.6%). Our operating expenses increased to £470.1m (2023: £448.4m) which was predominantly as a result of £16m of planned investment in our strategic initiatives. Investment included new depots and reformats, range optimisation, and expanding our digital platforms. The majority of cost increases due to higher inflation were broadly offset by productivity and efficiency actions taken in the first half. This is in addition to the £50m of cost reductions achieved in 2023 as we continue to protect depot profitability and investment in future growth.

Profit before and after tax

The net interest charge was £4.9m (2023: £5.1m). Profit before tax of £112.3m was in line with the prior year (2023: £111.9m). The tax charge on profit before tax was £27.9m (2023: £27.3m) and represented an effective tax rate of 24.8% (2023: 24.4%) including the annual benefits of the previously announced patent box allowance. While always subject to review by HMRC, as previously indicated, the Group expects an ongoing reduction of around 3% to Howdens' effective tax rate. As a result, profit after tax was £84.4m (2023: £84.6m). Basic earnings per share were 15.4p (2023: 15.4p).

Cash

The net cash inflow from operating activities was £189.5m (2023: £170.8m). Net working capital increased by £106.7m in line with normal seasonal phasing. Receivables at the end of the period were £62m higher than at the beginning of the period, with good ageing, which we continue to monitor closely. Payables were £17m lower and inventory was £27m higher, mainly as a result of our stock build ahead of the peak trading period. Capital expenditure was £40.1m (2023: £46.7m) as we continued to invest in the execution of our strategic initiatives to support growth. Corporation tax payments were £39.2m (2023: £21.2m), and dividends amounted to £89.0m (2023: £87.8m). The interest and principal paid on lease liabilities totalled £38.2m (2023: £50.5m).

As a result, there was a net cash outflow of £118.5m (2023: outflow of £191.6m), leaving the Group with cash at the period end of £165.5m (10 June 2023: £117.8m). The Group has in place a £150m multi-currency, revolving credit facility which remained undrawn at the balance sheet date.

Capital allocation and returns to shareholders

Our approach to capital allocation continues to focus on achieving sustainable profit growth by investing in and developing our vertically integrated business. We also want to maintain and grow our ordinary dividend in line with earnings growth to reward shareholders with an attractive ongoing income stream. After allowing for these uses of cash, Howdens remains committed to returning any surplus capital to shareholders. Our capital allocation policy is that where year-end cash is more than £250m we expect to return surplus cash to shareholders. This provides sufficient headroom to support organic growth, our working capital requirements and ongoing investments in our strategic priorities. At this level of cash, the balance sheet will remain strong. The interim dividend for 2024 of 4.9p per ordinary share (2023: 4.8p per share) represents an increase of 2.1% and will be paid on 22 November 2024 to shareholders on the register on 18 October 2024.

Board changes

Last year we announced that Karen Caddick, Non-Executive Director would step down from the Howdens Board at the end of the Annual General Meeting in May 2024. Vanda Murray was appointed as a Non-Executive Director with effect from 1 February 2024 and succeeded Karen as Remuneration Committee Chair in May. She has over 20 years of operational experience across a range of sectors, including manufacturing, industrial, and support services in Europe, the USA, and Asia. She is currently the Chair of Marshalls Plc.

In May we announced the appointments of Roisin Currie and Suzy Neubert as Non-Executive Directors of the Company with effect from 1 July 2024. Roisin has been the Chief Executive of Greggs plc since May 2022 and began her career at Asda where she spent 20 years, latterly as Retail People Director and then Distribution People Director. Suzy is currently a Non-Executive Director of Jupiter Fund Management Plc and Liverpool Victoria Financial Services Limited. She is also the Senior Independent Director at LondonMetric Property plc and a trustee of the King's Trust. Suzy's executive career was spent firstly at Merrill Lynch and J O Hambro. The Board thanks Karen for her contribution and welcomes the incoming new directors to Howdens.

Pensions

At 15 June 2024, the defined benefit pension scheme had a surplus of £21m (10 June 2023: deficit of £15m) on an IAS 19 basis. The scheme was closed for future accrual on 31 March 2021. There were no contributions to the scheme in the period in accordance with the terms of the recovery plan agreed with trustees last year.

Operational review

Strategic initiatives

Howdens has made good progress on its strategic initiatives, which are aimed at achieving profitable growth and market share gains over the medium term. The four strategic initiatives are:

1. Evolving our depot model by using space more efficiently to provide the best environment in which to do business with our customers.
2. Improving our range and supply management to improve choice and service while enhancing productivity in our manufacturing, sourcing and supply chain activities.
3. Developing our digital platforms to raise brand awareness, support the business model and to deliver productivity gains and more leads for depots and customers.
4. Expanding our presence in selective countries with attractive kitchen and joinery markets outside the UK.

These ongoing investments support the execution of our growth strategy and are within our overall capital expenditure guidance. Progress on each of these initiatives is reviewed below:

Evolving our depot model

Since the start of the year, we have opened 10 new depots of the 30 or so new depots we are planning to open in the UK in 2024. We are opening all new depots in our updated format and at maturity, we expect to operate with around 1,000 depots in the UK, versus the 840 trading at the end of 2023. This will be supported by our cross docking (XDC) facility which enables depots to optimise their stock holdings and provide high levels of service across the product range.

We have also continued with our reformatting programme for existing depots. Depot reformats have a payback of around four years and the programme is delivering incremental sales. In the first half, we have reformatted 26 depots, and including relocations we plan to reformat c.85 depots in 2024. By the end of 2024, we expect to have reformatted around 360 of the 670 depots which were opened in the old format.

Improving our product range and supply management

Range Management

Howdens has accelerated new product introductions (NPIs) in recent years to ensure we are at the forefront of the sector. With an emphasis on value for money and choice at all price-points, our NPI for 2024 includes 11 new kitchen ranges of which 10 are aimed at the entry and mid-market segments:

- In our entry level kitchen ranges we are adding two new frontal options, Greenwich in Marine Blue and Witney in Reed Green.
- For our mid-price shaker families, Halesworth and Bridgemere, we have six new colours for 2024 including Halesworth in two of the best-selling paint to order colours Antique Rose and Seafoam, and Bridgemere in Linen and Sage Green. For our bestselling mid-priced family, Clerkenwell, we have two new colours, Super Matt Black and Gloss Reed Green.
- We also continue to develop our higher priced kitchen portfolio, which is a large segment of the market, where we are under-represented. The premium paint-to-order service, which we introduced in the second half of 2023 has received excellent customer feedback. This year we have 15 paint to order colour choices and we will be refreshing the palette with five new colours for H2 2024.
- This year we will introduce 22 decors to our solid surface "template and fit" offer giving us a comprehensive range of 58 decors to suit all budgets. All of these will be in place well ahead of peak Autumn trading, during which kitchen sales represent an above average proportion of the mix.
- In doors, this year we have added more colour and bolder styles at all price points. Our new own label flooring brand, "Oake & Gray", is performing very well and new flooring product for 2024 includes a leading third-party premium priced vinyl brand, Karndean.

- In appliances, we have further additions to our Lamona brand, which is the leading integrated appliance brand in the UK, alongside extensions to our range of third party branded product, and in sinks and taps we have more styles, colours and finishes.
- Installing fitted bedrooms suits the skills of our trade customers. Our new ranges were developed utilising our existing manufacturing and supply infrastructure and currently comprise 16 new bedroom ranges in four leading family designs. These were drawn from our kitchen portfolio, and matched with new internal accessories including pull-down rails, mirrors and internal storage solutions. We are adding three more options comprising our entry level Greenwich range in Gloss White and Natural Oak with Hockley in Textured Oak.

Manufacturing and supply chain

Over time we continue to see opportunities to increase the proportion of products we make and in 2023 several major investments were completed. Production on the new panel lines at our Howden site have a capacity of around 2 million pieces for 2024 and subsequent years. These give us the ability to make a variety of kitchen products, principally frontals and panels, for more of our ranges, at the same quality as we can source externally but at a lower cost and at a reduced lead time to delivery. Separately we have also invested in two lines to facilitate our paint to order initiative. Located in a purpose-built facility near our Howden site, the lines give us an industry leading production capability in this area and the capacity to supply some 5,000 such kitchens a year.

Howdens is an in-stock business and in the first half of 2024 our service level from our primary distribution sites to depots was 99.97%. In 2023, facilitated by our new stock management system, we rolled-out our “Daily Traders” initiative to all UK depots which improves customer service levels, promotes footfall and increases sales by optimising in-depot stock holdings of best-selling SKUs and associated “range completers”. This year we maintained improvements in several key metrics, including a higher proportion of stock being replenished via a depot’s core weekly delivery order than previously.

Developing our digital platform

Our digital strategy reinforces our model of strong local relationships between depots and their customers by raising brand awareness, supporting the business model with new services and ways to trade with us and delivering productivity benefits for depot employees and customers. In 2024, usage of our online account facilities, which benefits customers and depots, has continued to increase and we now have around 50% of our customers using our digital platform.

In 2023 we tested a digitised in-depot stock management system “Live-Stock” to record and pick deliveries, check allocations and determine depot stock levels. Among other benefits the system frees up time for depots to use more productively and the system is now operating in all UK depots. The stock surety provided by Live-Stock and other initiatives, such as daily traders have enabled us to deliver a new, upgraded “Click and Collect” service to our trade customers. It is available for all our products except those for which a survey or CAD planning is generally required prior to placing an order, such as a kitchen range.

Roll-out of the service was completed in H1, enabling online account customers of all our UK depots to:

- Check real-time availability of stock on a depot-by-depot basis.
- Review their individual confidential prices at their selected depot
- Place orders for collection at a time of their choosing.

Our initiatives are contributing to an increase in digitally sourced leads which more than doubled in the period, albeit from a small base. These represent a source of high-quality leads for depots and customers including for kitchens. A significant proportion convert to kitchen sales with above average order values, and we are looking to promote higher levels of lead generation online.

Developing our international operations

Our international operations made good progress in the first half. The business model for France is similar to the UK with a market size in kitchens of around €4.0bn, excluding appliances and we rigorously tested our ability to access this sizeable market before adopting "a city-based" approach to depot expansion. By the end of 2022, in a two-year period, we had doubled the depots trading in France and Belgium to 60 and we opened a further five depots at the end of 2023. Consequently, when compared with their UK counterparts, many of our depot managers in France are less experienced in nurturing trusted trade relationships. For 2024 we are focussing on team development to foster these. We are also investing elsewhere in the international business through enhanced offerings of "footfall promoting" products and in 2024 we have introduced a regular schedule of "trade days" at all depots with aligned promotional activity and more supplier support.

Sales in the Republic of Ireland were encouraging, and we will be opening more depots there in 2024. The market is attractive and Howdens' in stock offer in kitchens and joinery has been well received by local customers. In addition to the ten depots trading in at the year-end, during the first half we added one new depot serving Waterford and we plan to open up to 5 depots in 2024.

Environment, social and governance (ESG)

Road to Zero

With continuous improvements driving our reduction in emissions for over 20 years, we remain focused on being the largest and lowest cost kitchen manufacturer in the most sustainable way. We have commenced our transition from Carbon Neutral Status to the Route to Net Zero Standard Certification with the Carbon Trust and this will be completed by the end of 2024. We remain well placed to achieve this given our UK manufacturing focus, our trusted supplier partnerships and our publicly committed Net Zero plan approved by SBTi in January 2024. Our Plan commits us to reducing our Scope 1 & 2 emissions by 42% and our Scope 3 supply chain emissions by 25% by 2030 and targeting Net Zero by 2050 against a baseline year of 2021.

Supply Chain Emissions

Scope 3 emissions account for 95% of Howdens' total emissions, 54% of which comes from our suppliers and their supply chains. A further 28% of emissions come from the use of our products once they have been sold. Net Zero Obligations are now mandated in our Supplier Trading Terms and Conditions (for all Direct Suppliers). Since engaging with our top 28 suppliers in 2023 we subsequently adopted a more focused approach with the top 6 (by purchase spend) to understand their challenges. We have used these learnings to engage with over 100 suppliers (40% of total purchase spend) and since January 2024 these suppliers have been submitting their emissions data and shared their decarbonisation plans. Over 50% of these have now submitted data and we are aligning these suppliers with our emission reduction targets. We continue to collaborate with our suppliers and the wider industry through webinars and events to support their decarbonisation plans.

Managing waste

We have maintained zero to landfill in all manufacturing sites and all our depots. Some of our waste timber is recycled back to Egger, a major supplier, for production of our chipboard which has a recycled content of around 35%. All waste material is recovered with much of it being recycled into more plastic, cardboard, or metal. Howdens' waste sawdust is used for biomass and heating our own factories and warehouses, with quartz offcuts from our solid surface factories being recycled for hardcore to build roads.

Reducing our own emissions

We view emission reductions as a business-as-usual activity, and we have several new initiatives underway. Our waste heat recovery project has gone live in H1 2024, recovering heat from our generators and heating our factories, and saving around 600 Tonnes of CO2 per year. The Installation of Power Radar meters to monitor energy consumption in our factories and warehouses is also proving successful and we have identified savings, in excess of 500 Tonnes of CO2 a year.

Renewable energy

Following the move to transition to renewable energy sources for all our UK sites, we are now installing the first phase of solar panels at our finished goods distribution centre at our Howden factory. Solar panels will cover 350k ft2 and reduce our carbon emissions by around 1,000 tonnes per year. Benefits will start to be realised in early 2025, when we will review the viability of second phase solar installations. We continue to source 100% renewable energy across our manufacturing and distribution sites and 96% of all depots.

Fleet

We have continued to purchase cleaner fuel for our primary fleet and there are now four electric trucks operating in our XDC network. HVO (Hydrotreated Vegetable Oil) enables a 90% reduction in CO2 emissions compared with diesel fuel and represents around 10% of all Howdens' fuel consumption. There are also 6 LNG (Liquified Natural Gas) vehicles operating in our delivery network which generate an 80% saving of CO2 versus diesel. We have committed to lease a further 9 LNG vehicles in H2 2024.

Product design

Sustainability is now a key consideration in our design process, both for in-house and bought-in products. We remain committed to improving quality and service while controlling costs. We are also listening to our depots and customers to build sustainable considerations into the lifecycle of our products. For example, our bestselling Greenwich Matt Kitchen frontals are now 100% recyclable. We also have a Plastic Pledge initiative across all product categories to remove, reduce, or replace plastic packaging where possible. This has included reducing polystyrene content and replacing it with more sustainable alternatives such as carboard or plant-based materials. We are also switching from Polyvinyl Chloride (PVC) to Polypropylene (PP) in our foils which uses 50% less plastic producing 50% less CO2 emissions. Our Halesworth kitchen range was the first to transition to this approach last year. 100% of our kitchens, both cabinets and frontals, are produced using certified (FSC or PEFC) timber.

Going concern

The directors have adopted the going concern basis in preparing these half-yearly condensed financial statements and have concluded that there are no material uncertainties leading to significant doubt about the Group's going concern status. The reasons for this are explained below.

Going concern review period

This going concern review period covers the period of at least 12 months after the date of approval of these financial statements. The directors consider that this period continues to be suitable for the Group.

Assessment of principal risks

The directors have reached their conclusion on going concern after assessing the Group's principal risks, as set out immediately below this going concern statement. While all the principal risks could have an impact on the Group's performance, the specific risks which could most directly affect going concern are the risks relating to continuity of supply, changes in market conditions, and product relevance. The Group is currently holding adequate amounts of fast-moving inventory as a specific mitigation against supply chain disruption and considers that the other effects of these risks would be reflected in lower sales and/or lower margins, both of which are built into the financial scenario modelling described below.

Review of trading results, future trading forecasts and financial scenario modelling

The directors have reviewed trading results and financial performance in the first half of 2024, as well as trading in the weeks between the half-year end and the date of approval of the half-year results. They have reviewed the Group's balance sheet at the half-year end, noting that the Group is debt-free, has cash and cash equivalents of £165.5m, and appropriate levels of working capital.

They have also considered three financial modelling scenarios prepared by management:

1) A "base case" scenario. This is based on the latest 2024 Group forecast, made in June 2024. The basis of this scenario has been approved by the Board.

This scenario assumes future revenue and profit in line with management and market expectations as well as investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our announced capital allocation model.

2) A "severe but plausible" downside scenario based on the worst 12-month year-on-year actual fall ever experienced in the Group's history. For additional context, this is more significant than the combined effect of COVID and Brexit on 2020 actual performance.
   This scenario models a reduction in most of the variable cost base proportionate to the reduction in turnover. It includes capital expenditure at a lower level than in the base case, but which is still in line with our announced strategic priorities for growth, namely: new depot openings and refurbishments; investment in our manufacturing sites, investment in digital and expanding our international operations. It also includes dividends and share buybacks in line with the Group's stated capital allocation model.
   In this scenario the Board considered the current economic conditions that the company and its customers are facing and noted that the downside scenario included allowances for reduced demand and increased costs to reflect such adverse conditions.
3) A "reverse stress-test" scenario. This scenario starts with the severe but plausible downside model and reduces sales even further, to find the maximum reduction in sales that could occur with the Group still having headroom over the whole going concern period, without the need to take further mitigating actions. This has involved modelling a reduction in sales to the maximum level before any lending covenants are breached or there is no headroom.
   Capital expenditure in this scenario has been reduced to a "maintenance" level. Variable costs have been reduced in proportion to the reduction in turnover on the same basis as described in the severe but plausible downside scenario. It assumes no dividends or share buybacks.

Borrowing facility and covenants

The Group has a five-year, committed, multi-currency revolving credit facility of up to £150m which expires in September 2027, and which was not drawn at any point in the half-year. A summary of the main terms of the facility is set out in note 19 to the December 2023 Group financial statements. As part of the scenario modelling described above, we have tested the borrowing facility covenants and the facility remains available under all of the scenarios. We have therefore included the credit available under the facility in our assessment of headroom.

Results of scenario modelling

In the base case and the severe but plausible downside scenarios, the Group has significant headroom throughout the going concern period after meeting its commitments. In the reverse stress-test scenario, the results show that sales would have to fall by a significant amount over and above the fall modelled in the severe but plausible downside scenario before the Group would have to take further mitigating actions. The likelihood of this level of fall in sales is considered to be remote.

Conclusion

Taking all the factors above into account, the directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the going concern review period set out above. Accordingly, they continue to adopt the going concern basis in preparing these half-yearly condensed financial statements.

Principal risks and uncertainties

The principal risks and uncertainties that could have a material impact on the Group's performance over the remaining half of the financial year have not changed from those which are set out in detail in the Group's 2023 Annual Report & Accounts.

Market conditions – Challenging market conditions could affect our ability to achieve sales and profit forecasts, impacting on our cash position. Exchange rates fluctuation could increase our cost of goods sold.

Business model and culture – if we lose sight of our model and culture during challenging market conditions, we may not serve our customers successfully and our long-term profitability may suffer.

Maximising growth – if we do not understand and exploit our growth opportunities in line with our business model and risk appetite, or if we do not meet the related challenges, we will not get maximum benefit from our growth potential.

People – Our operations could be adversely affected if we were unable to attract, retain and develop our colleagues; or, if we lost a key member of our team without succession.

Supply chain – Any disruption to our relationship with key suppliers or interruption to manufacturing and distribution operations could affect our ability to deliver the in-stock business model and to service our customer's needs. If this happened, we could lose customers and sales. This risk has decreased as our supply-base continues to improve, reducing the likelihood of a significant impact.

Health and Safety – Poor management or an incident could compromise the safety and wellbeing of individuals, and the reputation and viability of the business.

Cyber security – Events such as ransomware attacks continue to rise globally. A major security breach could cause a key system to be unavailable and/or sensitive data to be compromised.

Product – If we do not offer the builder the products that they and their customers want, we could lose sales and customers.

Business continuity and resilience – We have some business operations and locations in our infrastructure that are critical to business continuity and are essential for ensuring our customers can get the product and services they want when they need them.

Cautionary statement

Certain statements in this Half Year results announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility statement

We confirm that, to the best of our knowledge:

(a) the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 24 weeks and description of principal risks and uncertainties for the remaining 28 weeks of the year); and

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board

Andrew Livingston	**Paul Hayes**
Chief Executive Officer	**Chief Financial Officer**

24 July 2024

Independent review report to Howden Joinery Group Plc

Conclusion

We have been engaged by Howden Joinery Group Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the 24 weeks ended 15 June 2024 which comprises the condensed consolidated balance sheet, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement, and the related explanatory notes.
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 24 weeks ended 15 June 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group/Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.
As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.
The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

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

Zulfikar Walji
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
24 July 2024

Condensed consolidated income statement

	Note	24 weeks to 15 June 2024 unaudited £m	24 weeks to 10 June 2023 unaudited £m	53 weeks to 30 December 2023 audited £m
Continuing operations:				
Revenue	4	966.3	926.9	2,310.9
Cost of sales		(379.0)	(361.5)	(907.0)
Gross profit		**587.3**	**565.4**	**1,403.9**
Operating expenses		(470.1)	(448.4)	(1,063.7)
Operating profit		**117.2**	**117.0**	**340.2**
Finance income	7	4.3	2.4	5.5
Finance costs	7	(9.2)	(7.5)	(18.1)
Profit before tax		**112.3**	**111.9**	**327.6**
Tax on profit	6	(27.9)	(27.3)	(73.0)
Profit for the period attributable to the equity holders of the parent		**84.4**	**84.6**	**254.6**
Earnings per share		**pence**	**pence**	**pence**
Basic earnings per 10p share	8	15.4	15.4	46.5
Diluted earnings per 10p share	8	15.4	15.3	46.3

Condensed consolidated statement of comprehensive income

	Note	24 weeks to 15 June 2024 unaudited £m	24 weeks to 10 June 2023 unaudited £m	53 weeks to 30 December 2023 audited £m
Profit for the period		84.4	84.6	254.6
Items of other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains on defined benefit pension plan	11	34.3	15.5	13.3
Deferred tax on actuarial gains and losses on defined benefit pension scheme		(8.6)	(3.7)	(2.9)
Change of rate on deferred tax		-	(0.2)	(0.4)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		(1.5)	(0.7)	(0.5)
Other comprehensive income for the period		**24.2**	**10.9**	**9.5**
Total comprehensive income for the period, attributable to equity holders of the parent		**108.6**	**95.5**	**264.1**

Condensed consolidated balance sheet

	Note	15 June 2024 unaudited £m	10 June 2023 unaudited £m	30 December 2023 audited £m
Non-current assets				
Intangible assets		48.6	40.0	43.5
Property, plant and equipment	10	460.2	410.6	456.9
Lease right-of-use assets		638.4	624.4	647.9
Pension asset	11	20.7	-	-
Deferred tax asset		6.4	23.4	15.6
Long term prepayments		0.6	-	0.8
		1,174.9	1,098.4	1,164.7
Current assets				
Inventories		410.1	413.5	382.8
Corporation tax		56.7	34.9	39.7
Trade and other receivables		256.3	239.1	194.5
Cash and cash equivalents		165.5	117.8	282.8
		888.6	805.3	899.8
Total assets		**2,063.5**	**1,903.7**	**2,064.5**
Current liabilities				
Lease liabilities		(87.6)	(81.1)	(85.3)
Trade and other payables		(350.8)	(367.4)	(373.2)
Provisions		(8.5)	(9.4)	(9.5)
		(446.9)	(457.9)	(468.0)
Non-current liabilities				
Pension liability	11	-	(15.1)	(12.6)
Lease liabilities		(602.7)	(591.3)	(599.2)
Deferred tax liability		(8.5)	(3.8)	(3.3)
Provisions		(4.3)	(3.3)	(3.0)
		(615.5)	(613.5)	(618.1)
Total liabilities		**(1,062.4)**	**(1,071.4)**	**(1,086.1)**
Net assets		**1,001.1**	**832.3**	**978.4**
Equity				
Share capital		55.4	55.4	55.4
Capital redemption reserve		9.8	9.8	9.8
Share premium		87.5	87.5	87.5
ESOP and share-based payments		15.6	14.6	16.6
Treasury shares		(19.9)	(25.5)	(24.0)
Retained earnings		852.7	690.5	833.1
Total equity		**1,001.1**	**832.3**	**978.4**

Condensed consolidated statement of changes in equity

24 weeks to 15 June 2024	Share capital £m	Capital redemption reserve £m	Share premium account £m	ESOP and share-based payments £m	Treasury shares £m	Retained earnings £m	TOTAL £m
As at 30 December 2023 - audited	55.4	9.8	87.5	16.6	(24.0)	833.1	978.4
Profit for the period	-	-	-	-	-	84.4	84.4
Other comprehensive income in the period	-	-	-	-	-	24.2	24.2
Total comprehensive income for the period	-	-	-	-	-	108.6	108.6
Movement in ESOP	-	-	-	3.1	-	-	3.1
Transfer of shares from treasury into share trust	-	-	-	(4.1)	4.1	-	-
Dividends	-	-	-	-	-	(89.0)	(89.0)
As at 15 June 2024 - unaudited	**55.4**	**9.8**	**87.5**	**15.6**	**(19.9)**	**852.7**	**1,001.1**

The item "Movement in ESOP" consists of the share-based payment charge in the period, together with any receipts of cash from employees on exercise of share options.
At the current period end there were 4.1 million ordinary shares held in treasury, each with a nominal value of 10p (June 2023: 5.2 million shares, December 2023: 4.9 million shares).
The company's share capital consists of 10p ordinary shares. The company did not buy any shares back during the period (period to June 2023 and period to December 2023: bought back and cancelled 7,324,329 shares).

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Condensed consolidated statement of changes in equity – continued

24 weeks to 10 June 2023	**Share capital £m**	**Capital redemption reserve £m**	**Share premium account £m**	**ESOP and share-based payments £m**	**Treasury shares £m**	**Retained earnings £m**	**TOTAL £m**
At 24 December 2022 - audited	56.1	9.1	87.5	11.7	(25.5)	732.8	871.7
Profit for the period	-	-	-	-	-	84.6	84.6
Other comprehensive income in the period	-	-	-	-	-	10.9	10.9
Total comprehensive income for the period	-	-	-	-	-	95.5	95.5
Movement in ESOP	-	-	-	2.9	-	-	2.9
Buyback and cancellation of shares	(0.7)	0.7	-	-	-	(50.0)	(50.0)
Dividends	-	-	-	-	-	(87.8)	(87.8)
As at 10 June 2023 - unaudited	**55.4**	**9.8**	**87.5**	**14.6**	**(25.5)**	**690.5**	**832.3**

53 weeks to 30 December 2023	**Share capital £m**	**Capital redemption reserve £m**	**Share premium account £m**	**ESOP and share-based payments £m**	**Treasury shares £m**	**Retained earnings £m**	**TOTAL £m**
At 24 December 2022 - audited	56.1	9.1	87.5	11.7	(25.5)	732.8	871.7
Profit for the period	-	-	-	-	-	254.6	254.6
Other comprehensive income for the period	-	-	-	-	-	9.5	9.5
Total comprehensive income for the period	-	-	-	-	-	264.1	264.1
Current tax on share schemes	-	-	-	-	-	0.2	0.2
Deferred tax on share schemes	-	-	-	-	-	0.1	0.1
Movement in ESOP	-	-	-	6.4	-	-	6.4
Buyback and cancellation of shares	(0.7)	0.7	-	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	(1.5)	1.5	-	-
Dividends	-	-	-	-	-	(114.1)	(114.1)
At 20 December 2023 - audited	**55.4**	**9.8**	**87.5**	**16.6**	**(24.0)**	**833.1**	**978.4**

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Condensed consolidated cash flow statement

	Note	24 weeks to 15 June 2024 unaudited £m	24 weeks to 10 June 2023 unaudited £m[1]	53 weeks to 30 Dec 2023 audited £m
Profit before tax		**112.3**	**111.9**	**327.6**
Adjustments for:				
Finance income		(4.3)	(2.4)	(5.5)
Finance costs		9.2	7.5	18.1
Depreciation and amortisation of owned assets		24.8	21.6	50.8
Depreciation, impairment and loss on termination of leased assets		43.8	40.0	90.1
Share-based payments charge		2.7	2.7	6.0
Decrease in long term pre-payments		0.1	1.0	0.3
Difference between pension operating charge and cash paid		0.9	(11.5)	(16.9)
Profit on disposal of property, plant and equipment and intangible assets		-	-	0.3
Operating cash flows before movements in working capital		**189.5**	**170.8**	**470.8**
Movements in working capital				
Increase in inventories		(27.3)	(40.2)	(9.5)
(Increase)/decrease in trade and other receivables		(62.3)	(5.8)	38.8
Decrease in trade and other payables and provisions		(17.1)	(62.9)	(64.3)
		(106.7)	**(108.9)**	**(35.0)**
Cash generated from operations		**82.8**	**61.9**	**435.8**
Tax paid		(39.2)	(21.2)	(63.5)
Net cash flows from operating activities		**43.6**	**40.7**	**372.3**
Cash flows used in investing activities				
Payments to acquire property, plant and equipment and intangible assets		(40.1)	(46.7)	(118.9)
Interest received		4.8	2.4	4.7
Net cash used in investing activities		**(35.3)**	**(44.3)**	**(114.2)**
Cash flows from financing activities				
Payments to acquire own shares		-	(50.0)	(50.0)
Receipts from release of shares from share trust		0.4	0.3	0.5
Dividends paid to Group shareholders	9	(89.0)	(87.8)	(114.1)
Repayment of capital on lease liabilities		(29.1)	(43.6)	(105.0)
Interest paid - including on lease liabilities		(9.1)	(6.9)	(16.8)
Net cash used in financing activities		**(126.8)**	**(188.0)**	**(285.4)**
Net decrease in cash and cash equivalents		**(118.5)**	**(191.6)**	**(27.3)**
Cash and cash equivalents at beginning of period		282.8	308.0	308.0
Effect of exchange rate fluctuations on cash held		1.2	1.4	2.1
Cash and cash equivalents at end of period		**165.5**	**117.8**	**282.8**

[1] In the second half of 2023 the Directors determined that it was appropriate for the consolidated cash flow statement to start from profit before tax and to present "Difference between pension operating change and cash paid" as an adjustment to profit before tax. 2023 half year comparatives have been re-presented as a result.

Notes to the condensed financial statements

1 General information

The results for the 24-week periods ended 15 June 2024 and 10 June 2023 are unaudited but have been reviewed by the Group's auditor, whose report on the current period forms part of this document. The information for the 53-week period ended 30 December 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies, and is available via the Group's website at www.howdenjoinerygroupplc.com. The auditor's report on those accounts was not qualified or modified, did not draw attention to any matters by way of emphasis, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2 Accounting policies and basis of preparation

The condensed consolidated set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted for use in the UK.

Basis of preparation

These condensed consolidated financial statements are prepared on the going concern basis, as we explain in detail in the "Going Concern" section of the interim management report, above. The Group's business activities, together with the factors likely to affect its future development, performance, and position are set out in the interim management report, which precedes these condensed consolidated financial statements and includes a summary of the Group's financial position, its cash flows, and borrowing facilities, its principal risks, and a discussion of why the directors consider that the going concern basis is appropriate.

The annual financial statements of the group for the 52 weeks ended 20 December 2024 will be prepared in accordance with UK-adopted international accounting standards. This condensed set of financial statements has been prepared applying the accounting policies, methods of computation, and presentation that were applied in the preparation of the company's published consolidated financial statements for the 53 weeks ended 30 December 2023 which were prepared in accordance with UK-adopted international accounting standards, except that the taxation charge for the half-year is calculated by applying the annual estimated effective tax rate to the profit for the period.

3 Segmental results

Basis of segmentation

Information reported to the Group's Executive Committee, which is regarded as the chief operating decision maker, is focused on one operating segment, Howden Joinery. Thus the information required in respect of segmental disclosure can all be found in the condensed consolidated income statement and condensed consolidated balance sheet.

4 Seasonality of revenue

In a typical year, Howden Joinery sales are more heavily weighted to the second half of the financial year. This partly reflects the fact that there are 24 weeks in the first half of the financial year and 28 weeks in the second half. It also reflects that our peak trading period falls in the second half of the year. Historically, the typical trend has been that approximately 60% of sales have been in the second half of the year.

5 Write down of inventories

During the period, the Group has recognised a net charge of £0.5m in respect of writing inventories down to their net realisable value (24 weeks to 10 June 2023 - net credit of £0.7m; 53 weeks to 30 December 2023 - net charge of £6.1m).

6 Tax

The half year effective tax rate is 24.8% (24 weeks to 10 June 2023: 24.4%). This is arrived at by applying the estimated full year effective tax rate to the actual half year profit, after adjusting for the tax effect of items which are recognised entirely in the current period and are not spread over the full year (such as actual share option exercises and payments to the pension scheme). The effective tax rate includes the benefit of the previously announced claim under the Patent Box tax relief scheme and is subject to review by HMRC.

Global minimum tax legislation - Pillar Two

The Group is in scope of this legislation. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the Group entities. Based on this assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. Consequently, the Group does not estimate a significant impact derived from this new regulation.

7 Finance income and finance costs

Finance income	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Bank interest	4.3	2.4	5.5
Total finance income	**4.3**	**2.4**	**5.5**

Finance costs	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Interest expense on lease liabilities	(9.1)	(6.9)	(16.8)
Other finance expense - pensions	(0.1)	(0.6)	(1.3)
Total finance costs	**(9.2)**	**(7.5)**	**(18.1)**

8 Earnings per share

	24 weeks to 15 June 2024			24 weeks to 10 June 2023			53 weeks to 30 December 2023		
	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p	Earnings £m	Weighted average number of shares m	Earnings per share p
Basic earnings per share	84.4	546.6	15.4	84.6	550.7	15.4	254.6	548.1	46.5
Effect of dilutive share options	-	2.2	-	-	2.3	(0.1)	-	2.1	(0.2)
Diluted earnings per share	84.4	548.8	15.4	84.6	552.9	15.3	254.6	550.2	46.3

9 Dividends

(a) Amounts recognised as distributions to equity holders in the period

	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Final dividend for the 52 weeks to 24 December 2022 - 15.9p/share	-	87.8	87.8
Interim dividend for the 53 weeks to 30 December 2023 - 4.8p/share	-	-	26.3
Final dividend for the 53 weeks to 30 December 2023 - 16.2p/share	89.0	-	-
	89.0	**87.8**	**114.1**

(b) Declared and proposed dividends

On 24 July 2024, the Board approved the payment of an interim dividend of 4.9p/share to be paid on 22 November 2024 to ordinary shareholders on the register on 18 October 2024.

	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Declared interim dividend for the 52 weeks to 28 December 2024 - 4.9p/share	27.2		
Declared interim dividend for the 53 weeks to 30 December 2023 - 4.8p/share		26.2	
Proposed final dividend for the 53 weeks to 30 December 2023 - 16.2p/share			88.4

10 Property, plant and equipment

During the period, the Group made additions to property, plant and equipment ("PPE") of £36.4m (24 weeks to 10 June 2023 - £31.8m; 53 weeks to 30 December 2023 - £103.8m).

There were no disposals of PPE in the current or prior periods which had any significant net book value.

There are non-cancellable commitments to purchase PPE of £17.3m at the current period end (15 June 2023 - £17.1m; 30 December 2023 - £15.2m).

11 Retirement benefit obligations

(a) Total amounts in respect of pensions in the period

	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Charged to the income statement:			
Defined benefit plan - administrative costs	(0.9)	(1.0)	(2.3)
Defined benefit plan - total operating charge	(0.9)	(1.0)	(2.3)
Defined benefit plan - net finance charge	(0.1)	(0.6)	(1.3)
Total defined benefit charge to profit before tax	**(1.0)**	**(1.6)**	**(3.6)**
Included in other comprehensive income:			
Defined benefit plan - actuarial gains	**34.3**	**15.5**	**13.3**

(b) Other information - defined benefit pension plan

The Group operates a funded defined benefit pension plan which provides benefits based on the career average pensionable pay of participating employees. This plan was closed to new entrants from April 2013, and closed to future accrual on 31 March 2021.

Key assumptions used in the valuation of the plan	24 weeks to 15 June 2024	24 weeks to 10 June 2023	53 weeks to 30 December 2023
Discount rate	5.05%	5.20%	4.55%
Inflation assumption - RPI	3.15%	3.20%	3.05%
Inflation assumption - CPI	2.70%	2.75%	2.60%
Life expectancy (years): pensioner aged 65			
- male	85.8	86.7	85.7
- female	88.0	88.5	88.0
Life expectancy (years): non-pensioner aged 45			
- male	86.7	87.7	86.7
- female	89.6	90.3	89.6

Balance sheet

The amount included in the balance sheet arising from the Group's obligations in respect of defined benefit retirement benefit scheme is as follows:

	15 June 2024 £m	10 June 2023 £m	30 December 2023 £m
Present value of defined benefit obligations	(854.7)	(876.9)	(913.6)
Fair value of scheme assets	875.4	861.8	901.0
Surplus/(deficit) recognised in the balance sheet	**20.7**	**(15.1)**	**(12.6)**

In recognising a pension surplus at the end of the an accounting period, the Group has considered the conditions and guidance given in IAS 19 and IFRIC 14 and has concluded that: it is appropriate to recognise a surplus in full; there is no issue affecting the availability of a refund or reduction in future contributions due to minimum funding requirements, and there is no requirement to recognise an associated liability.

Movements in this amount during the period are as follows:

	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Deficit at start of period	(12.6)	(41.5)	(41.5)
Administration cost	(0.9)	(1.0)	(2.3)
Employer contributions	-	12.5	19.2
Other finance charge	(0.1)	(0.6)	(1.3)
Actuarial gains	34.3	15.5	13.3
Surplus/(deficit) at end of period	**20.7**	**(15.1)**	**(12.6)**

Statement of comprehensive income

Amounts taken to equity via the statement of comprehensive income in respect of the Group's defined benefit plan are shown below:

Actuarial differences	24 weeks to 15 June 2024 £m	24 weeks to 10 June 2023 £m	53 weeks to 30 December 2023 £m
Actuarial loss on plan assets	(25.8)	(42.3)	(8.2)
Decrease/(increase) in plan liabilities due to financial assumptions	59.4	63.8	(14.2)
Decrease/(increase) in plan liabilities due to experience	0.7	(6.0)	9.2
Decrease in plan liabilities due to demographic assumptions	-	-	26.5
Total actuarial gains	**34.3**	**15.5**	**13.3**

Virgin Media pensions case

In June 2023, the English High Court issued a judgment involving the Virgin Media NTL Pension Plan which held that amendments to the plan's rules in relation to benefit changes were invalid in the absence of a confirmation from the scheme actuary under Section 37 of the Pension Schemes Act 1993. Virgin Media has appealed the judgment which was heard in June 2024 and it may take some time for the outcome of the appeal to be known.

The Company has not assessed the extent of any likely impacts from this ruling and considers that there is sufficient uncertainty not to warrant recognition of any potential obligation in respect of this in the balance sheet at 15 June 2024. Any subsequent developments following this ruling will be monitored by the Company.