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Bunzl PLC
29 August 2023

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HALF YEARLY FINANCIAL REPORT FOR SIX MONTHS ENDED 30 JUNE 2023

Bunzl plc, the specialist international distribution and services Group, today publishes its half yearly financial report for the six months ended 30 June 2023.

Financial results	H1 23	H1 22	Growth as reported	Growth at constant exchange◊
Revenue	**£5,906.8m**	£5,650.8m	4.5%	0.6%
Adjusted operating profit*	**£438.3m**	£411.4m	6.5%	2.5%
Adjusted profit before income tax*	**£395.6m**	£380.5m	4.0%	(0.8)%
Adjusted earnings per share*	**88.3p**	85.7p	3.0%	(1.7)%
Interim dividend	**18.2p**	17.3p	5.2%	

Statutory results			
Operating profit	**£359.8m**	£327.5m	9.9%
Profit before income tax	**£317.1m**	£296.6m	6.9%
Basic earnings per share	**70.8p**	66.2p	6.9%

Highlights include:

- Revenue grew by 0.6% at constant exchange rates, and grew by 2.4% excluding the UK healthcare disposal≠
- Adjusted operating profit* increased by 2.5% at constant exchange rates, with growth of 4.1% excluding the UK healthcare disposal≠; reported operating profit increased by 9.9%
- Operating margin increased from 7.3% to 7.4%
- Adjusted earnings per share* declined by 1.7% at constant exchange rates, and grew by 0.2% excluding the UK healthcare disposal≠, due to an expected increase in net finance expense and tax rate; reported basic earnings per share rose 6.9%
- Free cash flow* grew by 21% at actual exchange rates to £286.3 million; supported by a substantial reduction in inventory
- Interim dividend per share grew by 5.2%, extending 30 consecutive years of annual dividend growth
- 12 acquisitions announced August year-to-date, including two announced today, with a total committed spend of more than £350 million; our pipeline remains active
- Net debt to EBITDA*† of 1.1 times providing substantial headroom for acquisitions; resilient return on invested capital* of 14.9% compared to 13.6% at the end of 2019, prior to the pandemic
- 2023 outlook: adjusted operating profit guidance upgraded, driven by a meaningful increase in operating margin expectations

Commenting on today's results, Frank van Zanten, Chief Executive Officer of Bunzl, said:

"I am pleased with our first half performance, with good adjusted operating profit growth and an operating margin significantly ahead of that achieved prior to the comparable period of 2019. The Group's performance continues to be supported by the strength of our customer focused value proposition, including our sustainability expertise and range of innovative products and solutions, and the continued success of our acquisition strategy. We have an active pipeline of attractive opportunities, and I am delighted to announce two additional acquisitions today, including our first acquisition in Poland, meaning Bunzl will operate from 32 countries upon completion. As a result of our successes over the period, we are upgrading our 2023 adjusted operating profit guidance, supported by a meaningful increase in our operating margin expectations. I remain confident in Bunzl's medium-term growth opportunities which are underpinned by our differentiated value-added proposition and a strong balance sheet to support significant consolidation opportunities."

* Alternative performance measure (see Note 2).
◊ Growth at constant exchange rates is calculated by comparing the H1 23 results to the H1 22 results retranslated at the average exchange rates used for H1 23.
† At average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants.
≠ The Group disposed of its UK healthcare business in December 2022.

H1 23 performance highlights:

Underlying revenue growth*ⁱ contribution	H1 23
Base business♯	1.6%
Covid-19 related orders	(2.0)%
Group total	**(0.4)%**

Underlying revenue growth*ⁱ by sector	H1 23
Foodservice and Retail	(4)%
Cleaning & Hygiene, Safety and Healthcare	2%
Grocery and other	2%

- Group underlying revenue*ǂ declined by 0.4% with growth in the base business, which benefited underlying revenue growth by 1.6%, offset by a 2.0% negative impact from the expected decline in Covid-19 related sales, with much of this occurring in the first quarter of the year
- Base business growth was impacted by a reducing benefit from inflation, as well as wider post-pandemic related normalisation trends which drove some volume weakness in the North American foodservice sector
- Operating margin increased as a result of margin management initiatives, inclusive of an increase in own brands. Furthermore, the impact of operating cost inflation reduced and was moderate over the period
- Group revenues were supported by 2.8% growth from the incremental impact of acquisitions, partially offset by the 1.8% negative impact to revenue from the UK healthcare disposal in December 2022

Business area highlights:

	Revenue (£m)		Growth at constant exchange*◊	Underlying revenue growth*ǂ	Operating profit* (£m)		Growth at constant exchange*◊	Operating margin*	
	H1 23	H1 22			**H1 23**	H1 22		**H1 23**	H1 22
North America	**3,514.4**	3,435.9	(2.9)%	(3.1)%	**245.6**	231.5	0.4%	**7.0%**	6.7%
Continental Europe	**1,179.1**	1,026.1	12.4%	3.7%	**106.8**	97.7	7.8%	**9.1%**	9.5%
UK & Ireland	**663.8**	687.1	(3.7)%	11.6%	**44.7**	40.6	9.6%	**6.7%**	5.9%
Rest of the World	**549.5**	501.7	7.6%	(4.1)%	**57.1**	53.9	2.7%	**10.4%**	10.7%

North America (60% of revenue and 54% of adjusted operating profit*†)
- Underlying revenue decline driven by wider post-pandemic related normalisation trends, which resulted in some volume weakness in the foodservice sector, and moderating product cost inflation benefit over the period
- Strong operating margin increase supported by margin management, including further expansion of own brands
- Limited operating cost inflation driven by a meaningful reduction in freight costs and wage growth that was closer to more typical historical levels

Continental Europe (20% of revenue and 23% of adjusted operating profit*†)
- Good underlying revenue growth driven by the benefit of product cost inflation, and despite the impact of the reduction in Covid-19 related sales, particularly in Q1
- Weakening volumes in Continental Europe with trading impacted in France by reduced public sector activity
- Operating margin decline driven by hyperinflation accounting in the Turkish businesses, the decline in Covid-19 related orders and an impact from the sector mix

UK & Ireland (11% of revenue and 10% of adjusted operating profit*†)
- Strong underlying revenue growth driven by product cost inflation, alongside continued recovery in certain markets, in particular foodservice, cleaning & hygiene and safety
- Very strong operating margin increase supported by underlying sales growth and increased own brand penetration
- Excluding the impact of the UK healthcare disposal, adjusted operating profit increased by 31%

Rest of the World (9% of revenue and 13% of adjusted operating profit*†)
- Underlying revenue decline driven by further Covid-19 related product sales normalisation, largely in Asia Pacific, due to the non-repeat of some larger orders that were fulfilled in the prior year
- Latin America business impacted by lower selling prices resulting from reduced inbound freight costs and currency movements
- Overall, operating margin decrease reflective of the reduction in Covid-19 related sales; operating margin remains well ahead of pre-pandemic levels in 2019

Strategic progress:
- First half operating margin growth supported by margin management initiatives, including increasing penetration of own brand
- 12 acquisitions signed August year-to-date, including our first entry into Poland, highlighting the breadth of Bunzl's opportunity; Bunzl will operate, upon completion, in 32 countries globally
- A continued focus on warehouse optimisation, with 12 warehouse relocations and consolidations in the first half of the year. In addition, further investments into digital solutions and automation continue to improve the efficiency of our operations
- Processed 71% of orders digitally compared to 68% in the first half of 2022, supporting customer retention and enhancing operational efficiency

* Alternative performance measure that excludes charges for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and the profit or loss on disposal of businesses and any associated tax, where relevant. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. Further details of these alternative performance measures are set out in Note 2. Unless otherwise stated operating margin in this review refers to adjusted operating profit as a percentage of revenue.

◊ Growth at constant exchange rates is calculated by comparing the H1 23 results to the results for H1 22 retranslated at the average exchange rates used for H1 23.

ǂ Underlying revenue is a measure of revenue over comparative periods at constant exchange rates, excluding the incremental impact of acquisitions and disposals and adjusted for differences in trading days between periods as well as for growth delivered in excess of 26% per annum in hyperinflationary economies.

♯ Base business defined as underlying revenue excluding the top Covid-19 related products.

† Based on adjusted operating profit and before corporate costs (see Note 3).

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Note: A live webcast of today's presentation to analysts will be available on www.bunzl.com, commencing at 9.30 am.

CHAIRMAN'S STATEMENT

Bunzl has had another successful first half, delivering resilient financial results and making strong strategic progress. At constant exchange rates, Bunzl delivered revenue growth in the first half of 2023 of 0.6% (4.5% at actual exchange rates) and growth of 2.4% excluding the strategic disposal of the UK healthcare business. Over the period, adjusted operating profit grew by 2.5% at constant exchange rates, with 4.1% growth excluding the disposal. Operating margins remain strong at 7.4%, with the substantial increase since the comparable pre-pandemic period in 2019 partially supported by acquisitions made over the period. At constant exchange rates, adjusted operating profit was 45% higher than the comparable period in 2019, and is equivalent to a c.10% Compound Annual Growth Rate (CAGR) over that period. The continued resilience of the Group's performance and strategic progress, despite varying external factors over this period, demonstrates the strength of the business model and gives me confidence that the agility of our people, the diversification of our portfolio, the strength of our culture and our dedication to customer service will continue to drive success for the Group over the long-term.

Strategic priorities

We continue to pursue a strategy of targeting organic growth and operational improvements while developing the business through acquisitions. The Group has announced 12 acquisitions August year-to-date, including the two announced today, with committed spend of more than £350 million and inclusive of our entry into Poland with the anchor acquisition of Safety First. The Group has achieved the significant milestone of completing more than 200 acquisitions since 2004. Bunzl's depth of opportunity is significant and further consolidation of its fragmented end markets is a key driver of growth for the Group. The Group also continued to pursue operational efficiencies, including further warehouse relocations and consolidations to partially offset property cost inflation, and investments into digital technologies over the period. Bunzl ended the half year with a net debt to EBITDA ratio of 1.1 times, affording Bunzl the balance sheet strength to allocate substantial capital to our active pipeline of acquisition opportunities.

Bunzl's operating companies continue to focus on providing value-added services to customers and helping them to achieve their own strategic goals. The North America team demonstrated this during their Insight Event for investors, hosted in June 2023, which showcased how the value proposition continues to support organic growth and enhance profitability in the business area, providing exciting medium-term growth opportunities and margin upside. Our own brand ranges and sustainability capabilities are two areas that increasingly strengthen Bunzl's competitive advantage and the Group continues to focus on pursuing these strategic opportunities to further enhance our proposition.

The Group's focus on helping customers transition to packaging and products made from alternative materials that are better suited to a circular economy, as well as reducing carbon emissions associated with our deliveries, remains important to our customers. Over the period, the Group has continued to make progress with further implementation of data tools to support customer visibility of their packaging exposures and opportunities for transition, as well as making further progress with our climate change objectives within our supply chains.

Shareholder returns

The Board is recommending an interim dividend of 18.2p, 5.2% higher than the prior year, following on from the Group's 30^{th} consecutive year of annual dividend growth in 2022. The Group remains committed to ensuring sustainable dividend growth, with dividend cover starting to normalise towards the pre-pandemic level. Between 2004 and 30 June 2023, Bunzl has returned £2.1 billion to shareholders through dividends and has committed £4.9 billion in acquisitions to support a growth strategy that has delivered an annual adjusted earnings per share CAGR between 2004 and 2022 of c.10%.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The resilient results we have achieved once again demonstrate Bunzl's operational and financial strength. We have again demonstrated good adjusted operating profit growth with margin improvement, building on the strong performance we have already delivered over the last few years. I remain impressed with our people who continue to react to the constantly evolving external environment to effectively support both our customers and the business. Whilst, as expected, the benefit of inflation reduced over the period, our teams have been effective in pursuing margin management initiatives, such as increasing the penetration of our own brand products, which have supported our operating margin, and we have achieved a good outcome from the elevated number of customer tenders we have seen following a period of reduced activity. Acquisitions have also helped us to deliver higher margins over recent years, supporting a sustainably higher operating margin compared to pre-pandemic levels. Furthermore, whilst the Group's financial strength had enabled our teams to invest in inventory during the supply chain disruption over the last few years, as this has eased, a number of teams have demonstrated very strong operational discipline, achieving a meaningful reduction in our inventory towards pre-pandemic levels over the first half, supporting a 21% rise in free cash flow over the period. I am also very pleased that our acquisition strategy continues to complement the organic growth of the business, with 12 deals already announced August year-to-date, including our first acquisition in Poland which has been a target market for expansion, and taking the Group to 207 acquisitions announced since 2004. With a net debt to EBITDA of 1.1 times at the end of the period we maintain substantial headroom to allocate significant capital to our active pipeline of acquisition opportunities.

Operating performance

With approximately 90% of adjusted operating profit generated outside the UK, profits and earnings were positively impacted between c.4% and c.6% by currency translation over the period. The commentary below is stated at constant exchange rates unless otherwise highlighted.

In the first half of 2023, revenue increased by 0.6% (4.5% at actual exchange rates) to £5,906.8 million. Within this, underlying revenue declined by 0.4%, while acquisitions contributed revenue growth of 2.8%. The disposal of our UK healthcare business in December 2022 impacted revenue by 1.8%. Within the underlying revenue decline of 0.4%, growth in the base business benefited underlying revenue growth by 1.6%, offset by a 2.0% impact to underlying growth from the expected decline in Covid-19 related sales, with much of this occurring in the first quarter of the year with limited impact in the second quarter. The base business growth was impacted by the reducing benefit from inflation, as expected, as well as wider post-pandemic related normalisation trends which have resulted in volume weakness in the North America foodservice sector. Covid-19 related sales have reduced significantly since their peak in 2020 and are now at a more typical level, although remain ahead of 2019 levels which represents a small benefit to Group revenue.

The Group has managed inflation on plastics, paper and chemicals well and successfully implemented product cost driven selling price increases. During the first half of 2023, the year-on-year benefit of prior year product cost increases continued to reduce, with North America seeing only a small year-on-year benefit by the second quarter. Other regions, in which inflation had lagged North America, also started to see some annualisation towards the end of 2022, however Continental Europe growth continued to see good support from inflation, and inflation remained strong in the UK & Ireland. Over the period we saw good outcomes from the elevated number of customer tenders, following reduced activity during the pandemic. Alongside these product cost trends, we saw limited operating cost growth in North America as freight cost reductions partially offset wage growth, which was closer to typical historical levels, and continued property cost inflation linked to renewals. Wage inflation in Continental Europe over the period increased but was significantly less than the inflation we had previously experienced in North America. Overall, Group operating costs grew only moderately despite the backdrop. Combined with the positive contribution that product cost inflation has made to revenue, inflation dynamics have remained somewhat supportive to margins.

The foodservice and retail sectors combined, saw underlying revenue decline by 4% compared to the prior year. Foodservice was impacted by the decline of Covid-19 related products, but also some wider post-pandemic related volume weakness in North America, driven by the decline in takeaway packaging sales, as dining habits have continued to shift following the pandemic, as well as customer destocking activity earlier in the period. We expect the sales of takeaway packaging to normalise during the first half of 2024. Strong growth across Continental Europe's retail base businesses was more than offset by a reduction in Covid-19 related sales and actions taken to focus on more profitable customers in North America. Total underlying revenue in the grocery and other sectors grew by 2%, driven by further year-on-year inflation benefit. Overall, total underlying revenue in the cleaning & hygiene, safety and healthcare sectors also grew by 2% year-on-year despite an impact from lower Covid-19 related sales which partly offset base business growth across all these sectors. Our healthcare base businesses are performing well, with the backlog of elective surgeries remaining a tailwind. Our safety base businesses have seen improvement as the supply chain disruption and labour shortages that impacted 2022 have eased for customers; we expect the safety business in North America to benefit from increased infrastructure spend in the medium term. The cleaning & hygiene sector saw very strong base business growth over the period, with continued inflation.

Adjusted operating profit was £438.3 million, an increase of 2.5% (6.5% at actual exchange rates), and operating margin increased to 7.4% compared to 7.3% in the prior period. The Group's operating margin was supported by successful margin management initiatives, including the increase in own brand penetration. Operating margins remain substantially higher compared with the 6.6% achieved in the first half of 2019, at constant exchange rates, driven by margins attributable to acquisitions made over that period, as well as an underlying margin increase. Excluding the UK healthcare disposal, adjusted operating profit grew by 4.1%. Reported operating profit was £359.8 million, an increase of 5.5% (9.9% at actual exchange rates), reflecting the 2.5% increase in adjusted operating profit and a reduction in customer relationships, brands and technology amortisation and acquisition related items compared to the prior year period.

Adjusted profit before income tax was £395.6 million, a decrease of 0.8% (4.0% increase at actual exchange rates) and an increase of 0.9% excluding the UK healthcare disposal. Adjusted profit before income tax was impacted by a £13.7 million increase in net finance expense, at constant exchange rates, to £42.7 million, driven by increases in interest rates on floating debt and increases in interest rates on refinancing long-term debt, fair value losses on interest rate derivatives partly offset by lower average debt during the period. The Group continues to expect a net finance expense in 2023 of £90 million to £95 million, predominantly reflecting the non-repeat of financial derivative benefit seen in 2022 and higher interest rates on the floating portion of Bunzl's Group debt. Reported profit before income tax was £317.1 million, an increase of 1.6% (6.9% at actual exchange rates).

The effective tax rate of 25.2% was higher than the 24.6% in the prior period, reflecting the UK corporate tax increase. Adjusted earnings per share were 88.3p, a decline of 1.7% (3.0% increase at actual exchange rates) and an increase of 0.2% excluding the UK healthcare disposal. Basic earnings per share were 70.8p, an increase of 1.6% (6.9% at actual exchange rates).

The Group's cash generation continues to be strong, with £286.3 million of free cash flow generated, representing 21% growth at actual exchange rates compared to the comparable period in 2022. The improved level of cash generation reflects good underlying cash generation, including an improvement in working capital in the first half of the year, enabled by easing supply chain constraints particularly in comparison to the first half of 2022, as well as actions taken by the Group to meaningfully reduce inventory towards pre-pandemic levels. Cash conversion (operating cash flow as a percentage of lease adjusted operating profit) over the period was 93% compared to 86% last year. The Group ended the period with net debt, excluding lease liabilities, of £1,020.4 million compared to £1,160.1 million in December 2022. Net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, which are based on historical accounting standards, was 1.1 times compared to 1.2 times at the end of 2022. This provides substantial headroom to allocate significant capital to our active pipeline of acquisitions and to consider other potential capital allocation options. The structure of recent acquisitions, with increasing earn-outs and options to be exercised to buy out minorities in future years, gives rise to both deferred consideration payable, which is held on the balance sheet, and future contingent consideration which, in accordance with accounting standards, is not held on the balance sheet. Deferred consideration, based on the expected earnings to be achieved by these businesses over the respective earn out and option terms, was £140.2 million at the end of the period, compared to £139.9 million at the end of 2022, and was not included within the Group's external debt covenant definition. At the end of the period, total deferred and contingent consideration relating to acquisitions was £224.1 million compared to £216.2 million at the end of 2022.

Return on average operating capital increased slightly to 43.2% compared to 43.0% at 31 December 2022, whilst return on invested capital was 14.9% compared to 15.0% at 31 December 2022. Return on average operating capital and return on invested capital both remain significantly higher than in December 2019, when these metrics were 36.9% and 13.6% respectively.

Organic growth and operational efficiency

We remain committed to delivering growth through our consistent compounding strategy which focuses on organic growth, operational efficiency and acquisitions. Our colleagues around the world continue to provide our customers with innovative products and services, including those within our strong sustainability offering, which enhances our competitive advantage as evidenced by the good outcome of recent tenders. Furthermore, digital sales accounted for 71% of orders over the period compared to 68% in the first half of 2022. Our continued focus on warehouse optimisation included the consolidation of six warehouses and the relocation of a further six. In addition, we continued to implement new technologies and automation to drive more efficient processes.

Acquisitions

Over the first six months of the year, Bunzl announced and completed six acquisitions and signed one additional acquisition, with a total committed spend of £211.5 million. Bunzl has continued to see strong momentum since the end of June, with 12 acquisitions now announced August year-to-date, with a total committed spend of more than £350 million. This includes the acquisitions we have announced today of EcoTools.nl and Safety First. The 12 acquisitions announced August year-to-date are across seven countries and four sector verticals, highlighting the breadth of consolidation opportunity. The combined revenue of these businesses was c.£237 million in 2022. We are particularly pleased to be entering the Polish market with the acquisition of Safety First, meaning Bunzl will, upon completion, operate from 32 countries globally.

Acquisition	Completion	Description
Capital Paper	January 2023	Distributor of foodservice packaging and consumables, cleaning & hygiene supplies, and industrial packaging products in Canada, with revenue of CAD 26 million (c.£16 million) in 2022
Arbeitsschutz-Express	April 2023	A fast-growing online distributor of workwear and Personal Protective Equipment (PPE) in Germany, which generated EUR 41 million (c.£35 million) of revenue in 2022
Dimasa	April 2023	Distributor of cleaning and hygiene products in the Andalusia region of Spain with revenue of EUR 4 million (c.£3 million) in 2022
Irudek	April 2023	Distributor of safety and PPE in Spain, specialising in fall protection equipment, with revenue of EUR 17 million (c.£15 million) in 2022
EHM	June 2023	Distributor of a wide range of PPE products in the UK with revenue in 2022 of £18 million
La Cartuja Complementos Hosteleria	June 2023	Foodservice and hospitality equipment provider in Spain with revenue of EUR 5 million (c.£4 million) in 2022
EcoTools.nl	July 2023	High growth Netherlands specialist online distributor of tool accessories and industrial consumables to customers across the Benelux region. In 2022, the business generated revenue of EUR 20 million (c.£17 million) with very high double digit margins
Leal Equipamentos de Proteção	August 2023	A specialised high margin safety distributor in Brazil with a strong own brand portfolio which generated revenue of BRL 216 million (c.£34 million) in 2022

		2022
Groveko	August 2023	Distributor of cleaning and hygiene products in the Netherlands with both a traditional cleaning and hygiene product offering, as well as robotic and smart cleaning solutions. The business generated revenue of EUR 23 million (c.£20 million) in 2022
PackPro	August 2023	Distributor of packaging solutions to a diverse customer base, including food processor and industrial customers in Canada. In 2022 the business generated revenue of CAD 33 million (c.£20 million)
Safety First	Signed July 2023	One of the largest distributors of PPE in Poland to a range of end markets. This is Bunzl's anchor acquisition into Poland, with revenue generated in 2022 of PLN 121 million (c.£22 million). Completion of the acquisition is subject to competition authority clearance
Grupo Lanlimp	Signed July 2023	A market leading distributor of cleaning and hygiene products in Brazil with revenue of BRL 210 million (c.£33 million) in 2022. Completion of the acquisition is subject to competition authority clearance

The strength of the Group's cash conversion and balance sheet continues to enable the Group to fund further acquisitions, largely through cash generated in the year. Bunzl ended the first half of 2023 with net debt to EBITDA of 1.1 times, providing the Group with substantial capacity to fund further acquisitions and to consider other potential capital allocation options. Our pipeline is active, and we see significant opportunities for continued acquisition growth in our existing markets where we have opportunity to increase our presence, as well as potential to expand into new markets.

Our capital allocation priorities are to: reinvest our cash into the business to support organic growth and operational efficiencies; pay a progressive dividend; self-fund value accretive acquisitions; and distribute excess cash. Our framework favours the first three methods of investment, with £2.1 billion of cash distributed to shareholders through dividends and £4.9 billion committed acquisition spend between 2004 and the first half of 2023, alongside a return on invested capital of 14.9%. Whilst the Board is committed to an efficient balance sheet which supports organic investment and value-accretive acquisitions, it also continually assesses the appropriateness of the return of excess capital to shareholders.

Prospects

Given performance year to date, we upgrade our 2023 adjusted operating profit guidance, driven by a meaningful increase in operating margin expectations. We now expect adjusted operating profit to be moderately higher than in 2022 at constant exchange rates, with operating margin remaining strong and moderately higher than that achieved in the prior year. At constant exchange rates we expect Group revenue in 2023 to be slightly higher than in 2022, driven by announced acquisitions, partially offset by a slight organic decline, following strong organic growth in recent years, and a small impact from the UK healthcare disposal.

BUSINESS AREA REVIEW

North America

	H1 23 £m	H1 22 £m	Growth at constant exchange*	Underlying growth*
Revenue	**3,514.4**	**3,435.9**	(2.9)%	(3.1)%
Adjusted operating profit*	**245.6**	**231.5**	0.4%	
Operating margin*	**7.0%**	**6.7%**		

* Alternative performance measure (see Note 2)

In North America, revenue declined by 2.9% to £3,514.4 million, with underlying revenue declining by 3.1%. Underlying revenue continues to benefit from prior year product price increases, although this moderated over the period and was only a small benefit by the second quarter. Despite the benefit of a significant new business win in our processor segment at the start of the year, volumes were impacted by weakness in the foodservice sector, driven by a reduction in takeaway packaging and customer destocking activity, as well as a further reduction in Covid-19 related sales. Adjusted operating profit improved by 0.4%, to £245.6 million with an operating margin of 7.0%, up from 6.7% in the prior year. This operating margin improvement was driven by a strong benefit from margin management initiatives, inclusive of an increase in own brands, particularly in our grocery, foodservice and safety segments, and supported by limited operating cost inflation. During the period, wage inflation, which was closer to typical historical levels, and continued property cost inflation linked to renewals were largely offset by freight cost reductions.

Our largest business, which supports the US grocery sector, experienced stable consumer demand, supported by the moderating impact of product cost inflation. Operating margin was supported by good margin management initiatives, including the expansion of own brands, driving an overall improvement in operating margins and operating profits. We agreed new terms with our largest customer by revenue in January 2023 that reduce our sensitivity to product and operating cost movements, and provide opportunities to support them with our own brand range going forward. Our convenience store sector declined moderately.

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Our foodservice redistribution business declined, with the moderating impact of prior year product cost inflation offset by the reversal in pandemic-related growth in takeaway packaging, as customers adjusted inventories to take account of a shift back to in-restaurant dining, as well as customer destocking activity. Our food processor sector saw good growth, driven by the favourable impact of a large customer win in Q3 2022 and product cost inflation, although this was partially offset by continued temporary market weakness. Our businesses serving the agriculture sector saw revenues decline significantly owing to the historic flooding in California in H1 2023.

Our cleaning & hygiene redistribution business grew moderately, as base business product cost inflation was offset by volume declines in Covid-19 related sales, and continued high levels of remote working.

Revenue in our retail supplies business was impacted by some lost business following actions taken to focus on more profitable customers. However, adjusted operating profit grew as cost management initiatives more than offset the decline in revenues.

Our safety business revenue declined, driven by a reduction in Covid-19 related sales, although operating margins and operating profit improved as supply chains stabilised.

Lastly, our business in Canada grew modestly, with the underlying business flat and growth driven by the January 2023 acquisition of Capital Paper. Growth in grocery, cleaning & hygiene and redistribution was offset by declines in the safety and industrial sectors, the latter having performed particularly strongly in the last few years.

Continental Europe

	H1 23 £m	**H1 22 £m**	Growth at constant exchange*	Underlying growth*
Revenue	**1,179.1**	**1,026.1**	12.4%	3.7%
Adjusted operating profit*	**106.8**	**97.7**	7.8%	
Operating margin*	**9.1%**	**9.5%**		

* Alternative performance measure (see Note 2)

Revenue in Continental Europe grew by 12.4% to £1,179.1 million, due to the benefit of acquisitions and the support of product cost inflation offsetting the expected reduction in Covid-19 related sales. Underlying revenue growth was impacted by weakening volumes due to the expected decline in Covid-19 related sales, as well as reduced public sector activity in France. Adjusted operating profit increased by 7.8% to £106.8m with operating margin decreasing from 9.5% to 9.1% driven by hyperinflation accounting in the Turkish businesses, the decline in Covid-19 related orders and an impact from sector mix.

In France, revenue grew moderately in our cleaning & hygiene businesses, driven by product cost inflation and growth from foodservice and healthcare customers offsetting a decline in Covid-19 related sales and reduced activity with public sector customers. Our safety business saw a significant reduction in sales of Covid-19 related products, as well as an impact from reduced public sector activity, but successfully moved to a new IT platform enabling more efficient digital tools to be used to support its operations. The foodservice businesses have grown sales, supported by inflation.

In the Netherlands, there was very strong growth in our foodservice and non-food retail businesses, driven by a number of new business wins at our retail business and good growth with hotel, travel and leisure customers in our foodservice business. Our grocery and e-commerce fulfilment businesses saw more limited growth, with the prior year benefitting very strongly from the reduction in Covid-19 restrictions. In our safety businesses, sales grew moderately despite a significant decline of Covid-19 related items. In Belgium, our cleaning & hygiene businesses have grown strongly with healthcare and contract cleaning customers, and in Germany our foodservice business has grown significantly across all sectors but in particular with hotel customers.

In Denmark, we have seen moderate growth in our foodservice, cleaning and hygiene and grocery businesses as inflation has offset a reduction in Covid-19 related product sales. Revenues in our safety business have grown strongly due to increased activities from customers in the renewable energy and pharmaceutical sectors.

Sales in Spain saw good growth, driven by strong foodservice growth and despite a reduction in Covid-19 related sales, as well as reduced activities and some selling price decreases with industrial and disposable packaging customers. Our safety end-user and redistribution businesses were impacted by the reduction of Covid-19 related sales but still delivered moderate growth overall with increased volumes in the base business.

In Turkey, revenue has declined as we focus on business that can be profitable in a hyperinflationary environment.

In all other countries we have seen growth in foodservice aided by inflation and volume growth but partially offset by lower Covid-19 related sales. We have continued to increase the share of digital orders from customers and have launched a number of new webshops, supporting improved customer retention and enhancing the efficiency of our business. Our digital capabilities have also been enhanced with the recent acquisitions of Hygi.de and Queralto in 2022, and Arbeitsschutz-Express and EcoTools.nl in 2023.

UK & Ireland

	H1 23 £m	**H1 22 £m**	Growth at constant exchange*	Underlying growth*
Revenue	**663.8**	**687.1**	(3.7)%	11.6%

Revenue	**665.6**	**687.1**	(3.7)%	11.6%
Adjusted operating profit*	**44.7**	**40.6**	9.6%	
Operating margin*	**6.7%**	**5.9%**		

* Alternative performance measure (see Note 2)

In UK & Ireland, revenue declined by 3.7%, however excluding the disposal of our UK healthcare business in December 2022 revenue rose by 13.0%. Excluding the impact of acquisitions and last year's disposal, underlying revenue increased by 11.6%. This growth was driven by strong product cost inflation, alongside continued recovery in certain markets, in particular foodservice, cleaning & hygiene and safety. This positive sales growth, supported by an increase in own brand penetration, delivered a significant increase in operating margin which improved from 5.9% to 6.7%, with adjusted operating profit increasing by 9.6% to £44.7m, and by 31.1% excluding the UK healthcare disposal.

In our cleaning & hygiene businesses, we delivered strong growth, supported by several new customer wins as well as the benefit of product cost inflation. We have continued to develop attractive sustainable products which allow our customers to achieve their own sustainability goals as well as working jointly to reduce the number of deliveries by consolidating a greater assortment of products into one shipment.

In safety, we have started to see underlying volume growth, enabled by better product availability. More customers continue to utilise our comprehensive range of digital solutions making procurement easier in this technically demanding space. Our recent acquisition of EHM in June this year continues to enhance our presence in the construction market as we look to invest further in sustainable PPE products for our customers as supply chain disruptions ease.

Our grocery and non-food retail businesses saw good growth over the period as we secured some of our larger customers on long term contracts as well as growing the number of product categories provided. Despite a weakening within the online retail marketplace, given the shift to the channel during the pandemic, and some selling price decreases in corrugates, our related packaging businesses grew revenue in the first six months.

Our foodservice businesses witnessed strong growth as hospitality continued to recover following the pandemic and despite food inflation and industry labour shortages. These businesses continue to win new customers with their high service levels, product expertise and well-regarded sustainable solutions. Furthermore, we continue to expand our re-usable ranges to complement existing recyclable and compostable products.

Ireland grew strongly over the period and we have continued to invest in developing our operations with the introduction of new warehouse management systems, which have further enhanced our service following the recent launch of innovative stock management technology. Data provides us with valuable insights into our customers' purchasing habits which allows us to recommend valuable and sustainable delivery solutions to support a growing need to reduce carbon emissions.

Rest of the World

	H1 23 £m	H1 22 £m	Growth at constant exchange*	Underlying growth*
Revenue	**549.5**	**501.7**	7.6%	(4.1)%
Adjusted operating profit*	**57.1**	**53.9**	2.7%	
Operating margin*	**10.4%**	**10.7%**		

* Alternative performance measure (see Note 2)

In Rest of the World, revenue increased 7.6% to £549.5 million, driven by acquisitions, with underlying revenue growth declining by 4.1% as a result of a further reduction in Covid-19 related sales which more than offset growth in both the Asia Pacific and Latin America base businesses. The negative impact of Covid-19 related sales decline was driven largely by Asia Pacific, due to the non-repeat of some larger orders in the prior year. The Latin America businesses were also impacted by lower selling prices resulting from reduced inbound freight costs and currency movements over the period. Overall, the Rest of World's adjusted operating profit grew by 2.7% to £57.1 million with operating margin decreasing from 10.7% to 10.4%, due to the reduction in higher margin Covid-19 related sales. However, operating margin remains well ahead of 2019 levels.

In Brazil, our safety businesses saw good sales growth and stronger margins despite the impact on selling prices from lower inbound freight costs and currency movements. Our healthcare businesses continued to be impacted by reducing sales of vaccine related products. Our foodservice business similarly saw freight and currency related selling price reductions but was able to improve margins, resulting in operating profit growth.

In Chile, our safety businesses saw good volume-driven sales growth and increased margins, although our catering supplies business was unable to offset the impact on selling prices from lower inbound freight costs and currency movements.

Our largest business in Asia Pacific experienced a temporary decline in revenue in healthcare as both the government and private sectors utilised excess Covid-19 related stock. However, the business experienced solid growth in cleaning and hygiene and overall has continued developing specialisation in its core market sectors which has resulted in a strong pipeline of new business.

Our Australian speciality healthcare business was impacted by reduced government and private spending, as these customers continue to utilise stock procured during the pandemic, but remained focused on delivering customers continue to utilise stock procured during the pandemic, but remained focused on delivering improvements in its supply chain and continued exploring potential new opportunities.

Our safety business units delivered a strong base business performance, maintaining good momentum and benefiting from new business wins and a continued focus on developing own brands. Our emergency services business was impacted by the timing of orders, with more orders falling into the second half of the year.

In New Zealand, our MedTech healthcare business continued to experience an extended slowdown, with hospitals initially delaying elective surgeries to allow beds for potential Covid-19 outbreaks and then subsequently impacted by a shortage of clinical staff. USL Medical, a specialist medical consumables business acquired in June 2022 has had good growth in the first half across its portfolio.

FINANCIAL REVIEW

As in previous years this review refers to a number of alternative performance measures which management uses to assess the performance of the Group. Details of the Group's alternative performance measures are set out in Note 2 to the interim financial statements.

Currency translation

Currency translation had a positive impact on the Group's reported results, increasing revenue, profits and earnings by between c4% and c6%. The positive exchange rate impact was principally due to the effect on average exchange rates of the weakening of sterling against the US dollar, Euro and Brazilian real, partly offset by the adverse impact of the strengthening of sterling against the Australian dollar and Canadian dollar.

Average exchange rates	**Six months to 30.6.23**	Six months to 30.6.22
US$	**1.23**	1.30
Euro	**1.14**	1.19
Canadian$	**1.66**	1.65
Brazilian real	**6.25**	6.59
Australian$	**1.83**	1.80

Closing exchange rates	**30.6.23**	30.6.22
US$	**1.27**	1.21
Euro	**1.17**	1.16
Canadian$	**1.68**	1.57
Brazilian real	**6.13**	6.35
Australian$	**1.91**	1.77

Revenue

Revenue increased to £5,906.8 million (2022 H1: £5,650.8 million), an increase of 0.6% at constant exchange rates (up 4.5% at actual exchange rates), due to acquisitions adding 2.8% partly offset by the impact from the disposal of the UK Healthcare business at the end of 2022 reducing revenue by 1.8% and an underlying decline of 0.4%. The underlying decline was impacted by a reducing benefit from inflation, as well as wider post-pandemic related normalisation trends which drove some volume weakness in the North American foodservice sector, and a negative impact from the expected decline in Covid-19 related sales.

Movement in revenue	£m
2022 H1 revenue	5,650.8
Currency translation	217.9
Excess growth in hyperinflationary economies	0.6
Underlying revenue decline	(25.5)
Acquisitions	165.0
Disposal of business	(102.0)
2023 H1 revenue	**5,906.8**

Operating profit

Adjusted operating profit increased to £438.3 million (2022 H1: £411.4 million), an increase of 2.5% at constant exchange rates and 6.5% at actual exchange rates. At both constant and actual exchange rates the operating margin increased to 7.4% from 7.3%.

During the six months to 30 June 2023, the Group has seen a net utilisation of approximately £5 million in slow moving inventory and trade receivables provisions, with usage of these provisions exceeding net charges to increase the provisions. In addition, the Group has seen some utilisation of the additional provisions set up in the prior year as a result of market price movements on certain Covid-19 products.

Movement in adjusted operating profit	£m
2022 H1 adjusted operating profit	411.4
Currency translation	16.3
Increase in hyperinflation accounting adjustments	(1.1)
Growth in the period	11.7
2023 H1 adjusted operating profit	**438.3**

Operating profit was £359.8 million (2022 H1: £327.5 million), an increase of 5.5% at constant exchange rates and 9.9% at actual exchange rates.

Movement in operating profit	£m
2022 H1 operating profit	327.5
Currency translation	13.7
Increase in hyperinflation accounting adjustments	(0.7)
Growth in adjusted operating profit	11.7
Decrease in customer relationships, brands and technology amortisation and acquisition related items*	7.6
2023 H1 operating profit	**359.8**

Customer relationships, brands and technology amortisation and acquisition related items are excluded from the calculation of adjusted operating profit as they do not relate to the underlying operating performance and distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating adjusted operating profit and other alternative performance measures by which management assesses the performance of the Group.

Net finance expense

The net finance expense of £42.7 million increased by £13.7 million at constant exchange rates (up £11.8 million at actual exchange rates), mainly due to increases in interest rates on floating debt, increases in interest rates on refinancing long-term debt, and fair value losses on interest rate derivatives partly offset by lower average debt during the period.

Profit before income tax

Adjusted profit before income tax was £395.6 million (2022 H1: £380.5 million), down 0.8% at constant exchange rates (up 4.0% at actual exchange rates) due to the increase in net finance expense partly offset by growth in adjusted operating profit. Profit before income tax increased to £317.1 million (2022 H1: £296.6 million), an increase of 1.6% at constant exchange rates (up 6.9% at actual exchange rates).

Taxation

The Group's tax strategy is to comply with tax laws in all countries in which it operates and to balance its responsibilities for controlling the tax costs with its responsibilities to pay the appropriate level of tax where it does business. No companies are established in tax havens or other countries for tax purposes where the Group does not have an operational presence and the Group's de-centralised operational structure means that the level of intragroup trading transactions is very low. The group does not use intragroup transfer prices to shift profit into low tax jurisdictions. The Group's tax strategy has been approved by the Board and tax risks are reviewed by the Audit Committee. In accordance with UK legislation, the strategy is published on the Bunzl plc website within the Investors section.

The effective tax rate (being the tax rate on adjusted profit before income tax) for the period was 25.2% (2022 H1: 24.6%) and the reported tax rate on statutory profit was 25.2% (2022 H1: 25.3%). The increase in effective tax rate for the Group is attributable to the increase in UK statutory tax rate from 19% to 25% in April 2023. The effective tax rate for the full year is likely to be similar to the half year.

The Group notes the enactment of UK legislation for a global minimum tax rate of 15% applying to profits from 2024 and is monitoring the progress of similar legislation in other jurisdictions. Profits generated in countries with a tax rate below this level are likely to be an insignificant proportion of the Group as a whole, and the Group does not benefit to any significant extent from any tax incentives. Based on analysis to date the Group does not expect a material impact of the global minimum tax.

Earnings per share

Profit after tax increased to £237.2 million (2022 H1: £221.6 million), up 1.6% and an increase of £3.7 million at constant exchange rates (up 7.0% at actual exchange rates), due to a £4.9 million increase in profit before income tax partly offset by a £1.2 million increase in the tax charge at constant exchange rates. Profit after tax for the year bears a £5.1 million adverse impact from hyperinflation accounting adjustments (2022 H1: £11.3 million adverse impact).

Adjusted profit after tax was £295.9 million (2022 H1: £286.9 million), down 1.6% and a decrease of £4.7 million at constant exchange rates (up 3.1% at actual exchange rates), due to a £3.1 million decrease in adjusted profit before income tax and a £1.6 million increase in the tax on adjusted profit before income tax at constant exchange rates. Adjusted profit after tax for the year bears a £5.0 million adverse impact from hyperinflation accounting adjustments (2022 H1: £10.4 million adverse impact), comprising a £4.7 million adverse impact to adjusted profit before tax (2022 H1: £9.4 million adverse impact) and a £0.3 million increase in the tax charge (2022 H1: £1.0 million increase).

The weighted average number of shares in issue increased from 334.9 million in the period ended 30 June 2022 to 335.1 million due to employee share option exercises partly offset by share purchases into the employee benefit trust.

Basic earnings per share were 70.8p (2022 H1: 66.2p), up 1.6% at constant exchange rates (up 6.9% at actual exchange rates). Adjusted earnings per share were 88.3p (2022 H1: 85.7p), a decrease of 1.7% at constant exchange rates (up 3.0% at actual exchange rates).

Movement in basic earnings per share	Pence
2022 H1 basic earnings per share	66.2

2022 H1 basic earnings per share	66.2
Currency translation	3.5
Decrease in adjusted profit before income tax*	(0.9)
Decrease in adjusting items	1.8
Decrease in hyperinflation accounting adjustments	0.5
Increase in reported tax rate	(0.3)
Increase in weighted average number of shares	-
2023 H1 basic earnings per share	**70.8**

Movement in adjusted earnings per share	**Pence**
2022 H1 adjusted earnings per share	85.7
Currency translation	4.1
Decrease in adjusted profit before income tax	(0.9)
Decrease in hyperinflation accounting adjustments	0.4
Increase in effective tax rate	(0.9)
Increase in weighted average number of shares	(0.1)
2023 H1 adjusted earnings per share	**88.3**

Dividends

The Company's practice in recent years has been to pay a progressive dividend, delivering year-on-year increases. The Board is proposing a 2023 interim dividend of 18.2p, an increase of 5.2% on the amount paid in relation to the 2022 interim dividend.

Before approving any dividends, the Board considers the level of borrowings of the Group by reference to the ratio of net debt to EBITDA, the ability of the Group to continue to generate cash and the amount required to invest in the business, in particular into future acquisitions. The Group's long-term track record of strong cash generation provides the Company with the financial flexibility to fund a growing dividend.

Acquisitions

The Group completed seven acquisitions during the period ended 30 June 2023 with a total committed spend of £127.3 million. Including the acquisition of Leal, which was agreed in the first half of 2023 but completed on 31 July 2023, and excluding the acquisition of GRC, which was agreed in 2022 but completed on 1 January 2023, total committed spend on acquisitions agreed during the period was £211.5 million. The estimated annualised revenue and adjusted operating profit of the acquisitions agreed during the period were £136 million and £23 million respectively.

A summary of the effect of acquisitions completed in the period is as follows:

	£m
Fair value of net assets acquired	61.4
Goodwill	37.8
Consideration	99.2
Satisfied by:	
cash consideration	76.5
deferred consideration	22.7
	99.2
Contingent payments relating to the retention of former owners	26.5
Net cash acquired	(10.4)
Transaction costs and expenses	12.0
Total committed spend in respect of acquisitions completed in the current period	**127.3**
Spend on acquisitions committed but not completed at the period end	87.1
Spend on acquisitions committed at prior year end but completed in the current period	(2.9)
Total committed spend in respect of acquisitions agreed in the current period	**211.5**

The net cash outflow in the period in respect of acquisitions comprised:

	£m
Cash consideration	76.5
Net cash acquired	(10.4)
Deferred consideration payments	6.1
Net cash outflow in respect of acquisitions	72.2
Acquisition related items*	23.5
Total cash outflow in respect of acquisitions	**95.7**

*Acquisition related items comprised £11.8 million of transaction costs and expenses paid and £11.7 million of payments relating to the retention of former owners.

Cash flow

A summary of the cash flow for the period is shown below:

	Six months to 30.6.23 £m	Six months to 30.6.22 £m
Cash generated from operations†	**514.6**	444.6
Payment of lease liabilities	**(91.9)**	(82.5)
Net capital expenditure	**(25.4)**	(18.9)
Operating cash flow†	**397.3**	343.2
Net interest paid excluding interest on lease liabilities	**(29.7)**	(24.2)

Income tax paid	**(81.3)**	(82.8)
Free cash flow	**286.3**	236.2
Dividends paid	**(57.9)**	(54.3)
Net payments relating to employee share schemes	**(48.8)**	(59.8)
Net cash inflow before acquisitions	**179.6**	122.1
Acquisitions◊	**(95.7)**	(84.5)
Net cash inflow	**83.9**	37.6

† Before acquisition related items.

◊ Including acquisition related items.

The Group's free cash flow of £286.3 million was £50.1 million higher than in the comparable period, driven primarily by an increase in operating cash flow. The Group's free cash flow was used to finance dividend payments of £57.9 million in respect of 2022 dividends (2022 H1: £54.3 million in respect of 2021 dividends), an acquisition cash outflow of £95.7 million (2022 H1: £84.5 million) and net payments of £48.8 million (2022 H1: £59.8 million) relating to employee share schemes. Cash conversion (being the ratio of operating cash flow to lease adjusted operating profit) for the six months to 30 June 2022 was 93% (2022 H1: 86%, 2022 YE: 107%).

	Six months to 30.6.23 £m	Six months to 30.6.22 £m
Operating cash flow	**397.3**	343.2
Adjusted operating profit	**438.3**	411.4
Add back depreciation of right-of-use assets	**80.7**	70.2
Deduct payment of lease liabilities	**(91.9)**	(82.5)
Lease adjusted operating profit	**427.1**	399.1
Cash conversion*	**93%**	86%

* Operating cash flow as a percentage of lease adjusted operating profit.

Net debt

Net debt excluding lease liabilities decreased by £139.7 million during the period to £1,020.4 million (31 December 2022: £1,160.1 million), due to a net cash inflow of £83.9 million, a £56.2 million decrease due to currency translation and a £0.4 million increase due to non-cash movements in debt. Net debt including lease liabilities was £1,638.1 million (31 December 2022: £1,730.0 million).

Net debt to EBITDA calculated at average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants, was 1.1 times (31 December 2022: 1.2 times). Net debt to EBITDA calculated at average exchange rates including lease liabilities was 1.5 times (31 December 2022: 1.5 times).

Balance sheet

Summary balance sheet	**30.6.23 £m**	30.6.22 £m	31.12.22 £m
Intangible assets	**3,011.6**	2,938.3	3,093.9
Right-of-use assets	**574.9**	477.0	529.6
Property, plant and equipment	**141.1**	129.9	137.2
Working capital	**1,088.8**	1,204.2	1,096.6
Deferred consideration	**(140.2)**	(79.1)	(139.9)
Other net liabilities	**(455.0)**	(411.1)	(306.4)
	4,221.2	4,259.2	4,411.0
Net pensions asset	**47.0**	37.7	39.9
Net debt excluding lease liabilities	**(1,020.4)**	(1,374.6)	(1,160.1)
Lease liabilities	**(617.7)**	(518.0)	(569.9)
Equity	**2,630.1**	2,404.3	2,720.9
Return on average operating capital	**43.2%**	43.5%	43.0%
Return on invested capital	**14.9%**	14.9%	15.0%

Return on average operating capital increased to 43.2% from 43.0% at 31 December 2022 driven by a positive impact from currency translation. Return on invested capital decreased slightly to 14.9% from 15.0% at 31 December 2022 due to the impact of higher capital employed from acquisitions.

Intangible assets decreased by £82.3 million from 31 December 2022 to £3,011.6 million due to currency translation of £122.1 million and an amortisation charge of £70.3 million, partly offset by £99.9 million of additions to goodwill, customer relationships, brands, technology and software arising on acquisitions in the period.

Right-of-use assets increased by £45.3 million from 31 December 2022 to £574.9 million due to new leases during the period of £52.2 million, an increase from acquisitions of £14.7 million, an increase from remeasurement adjustments of £83.6 million partly offset by a depreciation charge of £80.7 million and a decrease from currency translation of £24.5 million.

Working capital decreased by £7.8 million from 31 December 2022 to £1,088.8 million mainly due to a decrease from currency translation of £43.0 million partly offset by an underlying increase of £27.4 million as shown in the cash flow statement and £7.1 million from acquisitions.

Deferred consideration increased by £0.3 million from 31 December 2022 to £140.2 million due to £22.7m of deferred consideration recognised on acquisitions partly offset by deferred consideration and retention payments of £17.4 million, a decrease from currency translation of £4.8 million and a net credit of £0.2 million relating to adjustments to previously estimated earn outs and the retention of former owners. Including expected future payments which are contingent on the continued retention of former owners of businesses acquired of £83.9m, total deferred and contingent consideration as at 30 June 2023 was £224.1m.

The Group's net pension asset of £47.0 million at 30 June 2023 was £7.1 million higher than at 31 December 2022, largely due to cash contributions of £6.1 million.

Shareholders' equity decreased by £90.8 million from £2,720.9 million at 31 December 2022 to £2,630.1 million.

Movement in shareholders' equity	£m
Shareholders' equity at 31 December 2022	2,720.9
Profit for the period	237.2
Dividends	(209.7)
Currency (net of tax)	(92.3)
Hyperinflation accounting adjustment	8.6
Actuarial gain on pension schemes (net of tax)	0.4
Share based payments (net of tax)	11.6
Employee share schemes (net of tax)	(46.6)
Shareholders' equity at 30 June 2023	**2,630.1**

Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. The Group's funding strategy is to maintain an investment grade credit rating and the Company's current credit rating with Standard & Poor's is BBB+. All borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time. There were no changes to the Group's approach to capital management during the period and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the executive directors and the Board. Controls over exposure changes and transaction authenticity are in place.

The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. The principal covenant limits are net debt, calculated at average exchange rates, to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During the six months ended 30 June 2023 all covenants were complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The US private placement notes (USPPs) issued in March 2022 contains a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, USPPs and senior bonds. At 30 June 2023 the nominal value of USPPs outstanding was £917.5 million (31 December 2022: £1,126.4 million) with maturities ranging from 2024 to 2032. The £700 million senior bonds mature in 2025 and 2030. The Group's committed bank facilities mature between 2023 and 2028. At 30 June 2023 the available committed bank facilities totalled £947.2 million (31 December 2022: £963.6 million), none of which was drawn down (31 December 2022: none drawn down), providing headroom of £947.2 million (31 December 2022: £963.6 million). During the period £75 million of bank facilities were extended from 2025 to 2028, in addition during July the Group extended an additional £179 million of bank facilities to 2028. The Group expects to make repayments in the 18 month period from the date of these interim financial statements to the end of 31 December 2024 of approximately £130 million relating to maturing USPPs.

Going concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. In reaching this conclusion, the directors noted the Group's cash performance in the period, the substantial funding available to the Group as described above noted the Group's cash performance in the period, the substantial funding available to the Group as described above and the resilience of the Group to a range of severe but plausible downside scenarios. Further details are set out in Note 1 to the interim financial statements.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group for the remaining six months of the financial year are unchanged from those detailed in the section entitled 'Principal risks and uncertainties' on pages 74 to 82 of the Annual Report for the year ended 31 December 2022. These were the risks of competitive pressures in the countries and markets in which the Group operates, financial collapse of either a large customer and/or a significant number of small customers, product cost deflation, cost inflation, the ability of the Group to complete and successfully integrate acquisitions, the risk of sustainability driven market changes, the risk of cyber-attacks on the Group's operations, the financial risks associated with the availability of funding, the currency translation impact on the Group's results and debt covenants and risk of business disruption caused by climate change. A copy of the 2022 Annual Report is available on the Company's website at www.bunzl.com.

Consolidated income statement

for the period ended 30 June 2023

	Notes	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Revenue	3	**5,906.8**	5,650.8	12,039.5
Operating profit	3	**359.8**	327.5	701.6
Finance income	4	**23.8**	7.4	22.3
Finance expense	4	**(66.5)**	(38.3)	(90.2)
Disposal of business	9	**-**	-	0.9
Profit before income tax		**317.1**	296.6	634.6
Income tax	5	**(79.9)**	(75.0)	(160.2)
Profit for the period attributable to the Company's equity holders		**237.2**	221.6	474.4
Earnings per share attributable to the Company's equity holders				
Basic	7	**70.8p**	66.2p	141.7p
Diluted	7	**70.2p**	65.6p	140.7p
Dividend per share	6	**18.2p**	17.3p	62.7p
Alternative performance measures*				
Operating profit	3	**359.8**	327.5	701.6
Adjusted for:				
Customer relationships, brands and technology amortisation	3	**65.6**	61.5	128.4
Acquisition related items	3	**12.9**	22.4	55.9
Adjusted operating profit	3	**438.3**	411.4	885.9
Finance income	4	**23.8**	7.4	22.3
Finance expense	4	**(66.5)**	(38.3)	(90.2)
Adjusted profit before income tax		**395.6**	380.5	818.0
Tax on adjusted profit	5	**(99.7)**	(93.6)	(201.2)
Adjusted profit for the period		**295.9**	286.9	616.8
Adjusted earnings per share	7	**88.3p**	85.7p	184.3p

* See Note 2 for further details of the alternative performance measures.

Consolidated statement of comprehensive income

for the period ended 30 June 2023

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Profit for the period	**237.2**	221.6	474.4
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	**0.6**	3.8	6.9
(Loss)/gain recognised in cash flow hedge reserve	**(0.5)**	7.7	10.3
Tax on items that will not be reclassified to profit or loss	**(0.1)**	(3.0)	(4.0)
Total items that will not be reclassified to profit or loss	**-**	8.5	13.2
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations	**(129.8)**	202.9	232.9
Gain/(loss) taken to equity as a result of effective net investment hedges	**37.0**	(28.1)	(38.2)
Tax on items that may be reclassified to profit or loss	**(0.3)**	-	0.3
Total items that may be reclassified subsequently to profit or loss	**(93.1)**	174.8	195.0
Other comprehensive (expense)/income for the period	**(93.1)**	183.3	208.2
Total comprehensive income attributable to the Company's equity holders	**144.1**	404.9	682.6

holders	144.1	404.9	662.0

Consolidated balance sheet

at 30 June 2023	Notes	30.6.23 £m	30.6.22 £m	31.12.22 £m
Assets				
Property, plant and equipment		**141.1**	129.9	137.2
Right-of-use assets	10	**574.9**	477.0	529.6
Intangible assets	11	**3,011.6**	2,938.3	3,093.9
Defined benefit pension assets		**65.0**	69.2	60.5
Derivative financial assets	13	**-**	1.6	-
Deferred tax assets		**5.5**	3.2	4.0
Total non-current assets		**3,798.1**	3,619.2	3,825.2
Inventories		**1,519.9**	1,809.2	1,748.6
Trade and other receivables		**1,605.3**	1,577.5	1,557.4
Income tax receivable		**6.7**	9.7	12.6
Derivative financial assets	13	**31.9**	14.1	19.0
Cash at bank and in hand	15	**1,481.1**	1,040.2	1,504.0
Total current assets		**4,644.9**	4,450.7	4,841.6
Total assets		**8,443.0**	8,069.9	8,666.8
Equity				
Share capital		**108.6**	108.5	108.5
Share premium		**203.8**	197.0	199.4
Translation reserve		**(167.3)**	(94.4)	(74.2)
Other reserves		**18.5**	22.6	17.7
Retained earnings		**2,466.5**	2,170.6	2,469.5
Total equity attributable to the Company's equity holders		**2,630.1**	2,404.3	2,720.9
Liabilities				
Interest bearing loans and borrowings	15	**1,386.6**	1,301.3	1,574.0
Defined benefit pension liabilities		**18.0**	31.5	20.6
Other payables		**125.9**	68.9	117.2
Income tax payable		**1.1**	1.7	1.1
Provisions		**57.4**	59.7	50.5
Lease liabilities	14	**470.0**	381.1	424.0
Derivative financial liabilities	13	**112.6**	66.4	100.5
Deferred tax liabilities		**189.5**	164.4	192.7
Total non-current liabilities		**2,361.1**	2,075.0	2,480.6
Bank overdrafts	15	**887.5**	812.2	825.9
Interest bearing loans and borrowings	15	**131.8**	215.4	161.0
Trade and other payables		**2,217.0**	2,336.6	2,249.4
Income tax payable		**40.4**	42.8	40.6
Provisions		**15.2**	19.1	24.2
Lease liabilities	14	**147.7**	136.9	145.9
Derivative financial liabilities	13	**12.2**	27.6	18.3
Total current liabilities		**3,451.8**	3,590.6	3,465.3
Total liabilities		**5,812.9**	5,665.6	5,945.9
Total equity and liabilities		**8,443.0**	8,069.9	8,666.8

Consolidated statement of changes in equity

for the period ended 30 June 2023

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 1 January 2023	**108.5**	**199.4**	**(74.2)**	**17.7**	**2,469.5**	**2,720.9**
Profit for the period					**237.2**	**237.2**
Actuarial gain on defined benefit pension schemes					**0.6**	**0.6**
Foreign currency translation differences on foreign operations			**(129.8)**			**(129.8)**
Gain taken to equity as a result of effective net investment hedges			**37.0**			**37.0**
Loss recognised in cash flow hedge reserve				**(0.5)**		**(0.5)**
Income tax charge on other comprehensive income			**(0.3)**	**0.1**	**(0.2)**	**(0.4)**
Total comprehensive income			**(93.1)**	**(0.4)**	**237.6**	**144.1**
2022 interim dividend					**(57.9)**	**(57.9)**
2022 final dividend					**(151.8)**	**(151.8)**
Movement from cash flow hedge reserve to inventory				**1.2**		**1.2**
Hyperinflation accounting adjustment[1]					**8.6**	**8.6**
Issue of share capital	**0.1**	**4.4**				**4.5**
Employee trust shares					**(51.1)**	**(51.1)**
Share based payments					**11.6**	**11.6**

At 30 June 2023	108.6	203.8	(167.3)	18.5	2,466.5	2,630.1

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 31 December 2021	108.4	194.2	(269.2)	19.0	2,151.5	2,203.9
Adjustment to 2021 closing equity in respect of hyperinflation in Turkey[1]					14.0	14.0
Restated equity at 1 January 2022	108.4	194.2	(269.2)	19.0	2,165.5	2,217.9
Profit for the period					221.6	221.6
Actuarial gain on defined benefit pension schemes					3.8	3.8
Foreign currency translation differences on foreign operations			202.9			202.9
Loss taken to equity as a result of effective net investment hedges			(28.1)			(28.1)
Gain recognised in cash flow hedge reserve				7.7		7.7
Income tax charge on other comprehensive income			-	(1.9)	(1.1)	(3.0)
Total comprehensive income			174.8	5.8	224.3	404.9
2021 interim dividend					(54.3)	(54.3)
2021 final dividend					(136.2)	(136.2)
Movement from cash flow hedge reserve to inventory				(2.2)		(2.2)
Hyperinflation accounting adjustment[1]					25.8	25.8
Issue of share capital	0.1	2.8				2.9
Employee trust shares					(61.2)	(61.2)
Share based payments					6.7	6.7
At 30 June 2022	108.5	197.0	(94.4)	22.6	2,170.6	2,404.3

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 31 December 2021	108.4	194.2	(269.2)	19.0	2,151.5	2,203.9
Adjustment to 2021 closing equity in respect of hyperinflation in Turkey[1]					12.6	12.6
Restated equity at 1 January 2022	108.4	194.2	(269.2)	19.0	2,164.1	2,216.5
Profit for the year					474.4	474.4
Actuarial gain on defined benefit pension schemes					6.9	6.9
Foreign currency translation differences on foreign operations			232.9			232.9
Loss taken to equity as a result of effective net investment hedges			(38.2)			(38.2)
Gain recognised in cash flow hedge reserve				10.3		10.3
Income tax charge on other comprehensive income			0.3	(2.6)	(1.4)	(3.7)
Total comprehensive income			195.0	7.7	479.9	682.6
2021 interim dividend					(54.3)	(54.3)
2021 final dividend					(136.2)	(136.2)
Movement from cash flow hedge reserve to inventory				(9.0)		(9.0)
Hyperinflation accounting adjustments[1]					34.9	34.9
Issue of share capital	0.1	5.2				5.3
Employee trust shares					(34.2)	(34.2)
Share based payments					15.3	15.3
At 31 December 2022	108.5	199.4	(74.2)	17.7	2,469.5	2,720.9

[1] During 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. Following this, the results of the Group's businesses in Turkey, along with its business in Argentina which has been subject to hyperinflation accounting since 2018, have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 for further details.

◊ Other reserves comprise merger reserve of £2.5m (30 June 2022: £2.5m; 31 December 2022: £2.5m), capital redemption reserve of £16.1m (30 June 2022: £16.1m; 31 December 2022: £16.1m) and a negative cash flow hedge reserve of £0.1m (30 June 2022: positive £4.0m; 31 December 2022: negative £0.9m).

† Retained earnings comprise earnings of £2,566.0m (30 June 2022: £2,268.1m; 31 December 2022: £2,532.9m), offset by own shares of £99.5m (30 June 2022: £97.5m; 31 December 2022: £63.4m).

Consolidated cash flow statement

for the period ended 30 June 2023

	Notes	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Cash flow from operating activities				
Profit before income tax		**317.1**	296.6	634.6
Adjusted for:				
net finance expense	4	**42.7**	30.9	67.9
customer relationships, brands and technology amortisation	11	**65.6**	61.5	128.4
acquisition related items	3	**12.9**	22.4	55.9
disposal of business		**-**	-	(0.9)
Adjusted operating profit		**438.3**	411.4	885.9
Adjustments:				
depreciation and software amortisation	17	**100.5**	88.5	189.5
other non-cash items	17	**3.2**	13.5	15.9
working capital movement	17	**(27.4)**	(68.8)	54.5
Cash generated from operations before acquisition related items		**514.6**	444.6	1,145.8
Cash outflow from acquisition related items	8	**(23.5)**	(11.0)	(20.6)
Income tax paid		**(81.3)**	(82.8)	(173.6)
Cash inflow from operating activities		**409.8**	350.8	951.6
Cash flow from investing activities				
Interest received		**21.7**	5.1	16.2
Purchase of property, plant and equipment and software		**(25.7)**	(19.4)	(46.7)
Sale of property, plant and equipment		**0.3**	0.5	1.0
Purchase of businesses	8	**(72.2)**	(73.5)	(243.6)
Disposal of business		**-**	-	49.9
Cash outflow from investing activities		**(75.9)**	(87.3)	(223.2)
Cash flow from financing activities				
Interest paid excluding interest on lease liabilities		**(51.4)**	(29.3)	(61.9)
Dividends paid	6	**(57.9)**	(54.3)	(190.5)
Increase in borrowings		**5.2**	26.5	346.4
Repayment of borrowings		**(159.1)**	(72.1)	(131.8)
Receipts/(payments) on settlement of foreign exchange contracts		**12.0**	(26.5)	(86.2)
Payment of lease liabilities - principal	14	**(78.8)**	(72.3)	(153.1)
Payment of lease liabilities - interest	14	**(13.1)**	(10.2)	(22.0)
Proceeds from issue of ordinary shares to settle share options		**4.5**	2.9	5.3
Proceeds from exercise of market purchase share options		**23.1**	11.3	36.8
Purchase of employee trust shares		**(76.4)**	(74.0)	(74.0)
Cash outflow from financing activities		**(391.9)**	(298.0)	(331.0)
(Decrease)/increase in cash and cash equivalents		**(58.0)**	(34.5)	397.4
Cash and cash equivalents at start of the period		**678.1**	225.3	225.3
(Decrease)/increase in cash and cash equivalents		**(58.0)**	(34.5)	397.4
Currency translation		**(26.5)**	37.2	55.4
Cash and cash equivalents at end of the period	15	**593.6**	228.0	678.1

Alternative performance measures*	Notes	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Cash generated from operations before acquisition related items		**514.6**	444.6	1,145.8
Purchase of property, plant and equipment and software		**(25.7)**	(19.4)	(46.7)
Sale of property, plant and equipment		**0.3**	0.5	1.0
Payment of lease liabilities	14	**(91.9)**	(82.5)	(175.1)
Operating cash flow		**397.3**	343.2	925.0
Adjusted operating profit		**438.3**	411.4	885.9
Add back depreciation of right-of-use assets	10	**80.7**	70.2	151.1
Deduct payment of lease liabilities	14	**(91.9)**	(82.5)	(175.1)
Lease adjusted operating profit		**427.1**	399.1	861.9
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**93%**	86%	107%
Operating cash flow		**397.3**	343.2	925.0
Net interest paid excluding interest on lease liabilities		**(29.7)**	(24.2)	(45.7)
Income tax paid		**(81.3)**	(82.8)	(173.6)
Free cash flow		**286.3**	236.2	705.7

* See Note 2 for further details of the alternative performance measures.

Notes

1. Basis of preparation and accounting policies

The condensed interim financial statements (the 'interim financial statements') of Bunzl plc ('the Company') for the six months ended 30 June 2023, with comparative figures for the six months ended 30 June 2022, are unaudited and do not constitute statutory accounts. However the external auditors have carried out a review of the interim financial statements and their report in respect of the six months ended 30 June 2023 is set out in the Independent review report. The comparative figures for the year ended 31 December 2022 do not constitute the Company's statutory accounts for the year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498(2)(3) of the Companies Act 2006.

The interim financial statements for the six month period ended 30 June 2023 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim financial statements also comply with IAS 34 as issued by the International Accounting Standards Board. The interim report does not include all of the notes of the type normally included in the Annual Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2022, which has been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006.

The accounting policies adopted are consistent with those of the corresponding interim reporting period and also the previous financial year except for the estimation of income tax (see Note 5). The Group has adopted all relevant amendments to existing standards issued by the IASB and UK Endorsement Board that are effective from 1 January 2023 with no material impact on its consolidated results or financial position.

On 23 May 2023, the IASB issued narrow-scope amendments to IAS 12. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments to IAS 12 are required to be applied immediately and retrospectively in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', including the requirement to disclose the fact that the exception has been applied if the entity's income taxes will be affected by enacted or substantively enacted tax law that implements the OECD's Pillar two model rules. However, the group has developed an accounting policy on the recognition of deferred taxes arising from the Pillar two model rules according to which no deferred taxes are provided.

Going Concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the interim financial statements.

In reaching this conclusion, the directors noted the Group's operating cash flow performance in the first half of the year and the substantial funding available to the Group as described in the Financial Review. The directors also considered a range of different forecast scenarios for the 18 month period from the date of these financial statements to the end of December 2024 starting with a base case projection derived from the Group's 2023 forecasts excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of severe but plausible downside scenarios was factored into the directors' considerations through two levels of stress testing against the base case projection.

These severe but plausible downside scenarios included the following assumptions:

- A 15% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 10% increase in working capital
- A 25% reduction in adjusted operating profit from more severe adverse impacts from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 20% increase in working capital

In addition, the group has carried out reverse stress tests against the base case to determine the level of performance that would result in a breach of financial covenants. In order for a breach of covenants to occur during the 18 month period to the end of December 2024 the Group would need to experience a reduction in EBITDA of over 55% compared to the base case.

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible. The directors are therefore satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

Impact of Hyperinflation on the financial statements at 30 June 2023

The Group's interim financial statements include the results and financial position of its Turkish and Argentinian operations restated to the measuring unit current at the end of the period, with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. Comparative amounts presented in the interim financial statements have not been restated. The inflation rates used by the Group are the official rates published by the Turkish Statistical Institute and the Argentine Federation of Professional Councils of Economic Sciences. The movement in the publicly available official price index for the six months to 30 June 2023 was an increase of 20% (six months to 30 June 2022: increase of 42%) in Turkey and was an increase of 56% (six months to 30 June 2022: increase of 46%) in Argentina.

IAS 29 requires that the income statement is adjusted for inflation in the period and translated at the period-end foreign exchange rates and that non-monetary assets and liabilities on the balance sheet are inflated to reflect the change in purchasing power caused by inflation from the date of initial recognition. For the period ended 30 June 2023, this resulted in an increase in goodwill of £3.5m (six months to 30 June 2022: £14.7m) and a net increase in other intangibles of £0.3m (six months to 30 June 2022: £11.0m). The impacts on other non-monetary assets and liabilities were immaterial. The impact to retained earnings during the period was a gain of £8.6m (six months to 30 June 2022: gain of £39.8m). The total impact to the Consolidated income statement during the period was a charge of £5.1m (six months to 30 June 2022: £11.3m) to profit after tax from hyperinflation accounting adjustments, comprising a £5.0m adverse impact (six months to 30 June 2022: £10.4m adverse impact) on adjusted profit before tax and increased customer relationships amortisation of £0.1m (six months to 30 June 2022: £0.8m).

When applying IAS 29 on an ongoing basis, comparatives in a stable currency are not restated with the translation effect presented within other comprehensive income during the period, and the effect of inflating opening balances to the measuring unit current at the end of the reporting period presented as a change in equity.

2. Alternative performance measures

In addition to the various performance measures defined under IFRS, the Group reports a number of other measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ('GAAP') and are therefore known as 'alternative performance measures'. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' alternative performance measures. The principal alternative performance measures used within the interim financial statements and the location of the reconciliation to equivalent IFRS measures are shown and defined in the table below:

Underlying revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange, adjusted for differences in trading days between years and adjusted to exclude growth in excess of 26% per annum in hyperinflationary economies (reconciled in the Financial review)
Adjusted operating profit	Operating profit before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted profit before income tax	Profit before income tax, customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the period	Profit for the period before customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 5)
Adjusted earnings per share	Adjusted profit for the period divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 7)
Adjusted diluted earnings per share	Adjusted profit for the period divided by the diluted weighted average number of ordinary shares (reconciled in Note 7)
Operating cash flow	Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities (as

	shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for income tax and net interest excluding interest on lease liabilities (as shown in the Consolidated cash flow statement)
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
Working capital	Inventories and trade and other receivables less trade and other payables, excluding non-operating related receivables, non-operating related payables (including those relating to acquisition payments) and dividends payable (reconciled in Note 12)
Return on average operating capital	The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)
Return on invested capital	The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships, brands and technology amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)
EBITDA	Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses
Net debt excluding lease liabilities	Net debt excluding the carrying value of lease liabilities (reconciled in Note 15)
Constant exchange rates	Growth rates at constant exchange rates are calculated by retranslating the results for the prior periods at the average exchange rates for the period ended 30 June 2023 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The exchange rates used for 2023 and 2022 can be found in the Financial review

There have been no new alternative performance measures during the period and all alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2022.

The alternative performance measures listed above exclude the charge for customer relationships, brands and technology amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and any associated tax, where relevant.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships, brands and technology amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the period ended 30 June 2023, period ended 30 June 2022 and year end 31 December 2022 there were no non-recurring pensions scheme charges. Disposal of business relates to the profit on disposal of the Group's UK Healthcare division in the year ended 31 December 2022. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. However, it should be noted that they do exclude income and charges that nevertheless do impact the Group's cash flow and GAAP financial performance.

Reconciliation of alternative performance measures to statutory measures

The principal profit related alternative performance measures, these being adjusted operating profit, adjusted profit before income tax, adjusted profit for the period and adjusted earnings per share are reconciled to the most directly reconcilable statutory measures in the tables below.

Six months ended 30 June 2023

		Adjusting items				
	Alternative performance measures £m	**Customer relationships, brands and technology amortisation £m**	**Acquisition related items £m**	**Disposal of business £m**	**Statutory measures £m**	
Adjusted operating profit	438.3	(65.6)	(12.9)		359.8	**Operating profit**
Finance income	23.8				23.8	Finance income
Finance expense	(66.5)				(66.5)	Finance expense
Disposal of business	-			-	-	Disposal of business
Adjusted profit before income	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]

Adjusted profit before income tax	395.6	(65.6)	(12.9)		317.1	**Profit before income tax**
Tax on adjusted profit	(99.7)	17.3	2.5	-	(79.9)	Income tax
Adjusted profit for the period	295.9	(48.3)	(10.4)	-	237.2	**Profit for the period**
Adjusted earnings per share	88.3p	(14.4)p	(3.1)p	-	70.8p	**Basic earnings per share**

Six months ended 30 June 2022

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	411.4	(61.5)	(22.4)		327.5	Operating profit
Finance income	7.4				7.4	Finance income
Finance expense	(38.3)				(38.3)	Finance expense
Disposal of business	-			-	-	Disposal of business
Adjusted profit before income tax	380.5	(61.5)	(22.4)	-	296.6	Profit before income tax
Tax on adjusted profit	(93.6)	15.2	3.4	-	(75.0)	Income tax
Adjusted profit for the period	286.9	(46.3)	(19.0)	-	221.6	Profit for the period
Adjusted earnings per share	85.7p	(13.8)p	(5.7)p	-	66.2p	Basic earnings per share

Year ended 31 December 2022

		Adjusting items				
	Alternative performance measures £m	Customer relationships, brands and technology amortisation £m	Acquisition related items £m	Disposal of business £m	Statutory measures £m	
Adjusted operating profit	885.9	(128.4)	(55.9)		701.6	Operating profit
Finance income	22.3				22.3	Finance income
Finance expense	(90.2)				(90.2)	Finance expense
Disposal of business	-			0.9	0.9	Disposal of business
Adjusted profit before income tax	818.0	(128.4)	(55.9)	0.9	634.6	Profit before income tax
Tax on adjusted profit	(201.2)	34.7	6.3	-	(160.2)	Income tax
Adjusted profit for the year	616.8	(93.7)	(49.6)	0.9	474.4	Profit for the year
Adjusted earnings per share	184.3p	(28.0)p	(14.8)p	0.2p	141.7p	Basic earnings per share

3. Segment analysis

The Group results are reported as four business areas based on geographical regions which are reviewed regularly by the Company's chief operating decision maker, the Board of directors. Across the Group, the vast majority of revenue is generated from the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. The Group's revenue and financial results have not historically been subject to significant seasonal trends. The principal results reviewed for each business area are revenue and adjusted operating profit.

Six months ended 30 June 2023	**North America £m**	**Continental Europe £m**	**UK & Ireland £m**	**Rest of the World £m**	**Corporate £m**	**Total £m**
Revenue	**3,514.4**	**1,179.1**	**663.8**	**549.5**		**5,906.8**
Adjusted operating profit/(loss)	**245.6**	**106.8**	**44.7**	**57.1**	**(15.9)**	**438.3**
Customer relationships, brands and technology amortisation	**(28.6)**	**(21.1)**	**(5.5)**	**(10.4)**		**(65.6)**
Acquisition related items	**(2.3)**	**(4.3)**	**2.1**	**(8.4)**		**(12.9)**
Operating profit/(loss)	**214.7**	**81.4**	**41.3**	**38.3**	**(15.9)**	**359.8**
Finance income						**23.8**
Finance expense						**(66.5)**
Profit before income tax						**317.1**
Adjusted profit before income tax						**395.6**
Income tax						**(79.9)**
Profit for the period						**237.2**
Operating margin	**7.0%**	**9.1%**	**6.7%**	**10.4%**		**7.4%**
Return on average operating capital	**46.4%**	**42.1%**	**57.7%**	**34.9%**		**43.2%**

Six months ended 30 June 2022	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	3,435.9	1,026.1	687.1	501.7		5,650.8
Adjusted operating profit/(loss)	231.5	97.7	40.6	53.9	(12.3)	411.4
Customer relationships, brands and						

Customer relationships, brands and technology amortisation	(27.4)	(18.9)	(6.0)	(9.2)		(61.5)
Acquisition related items	(10.9)	(4.8)	(3.6)	(3.1)		(22.4)
Operating profit/(loss)	193.2	74.0	31.0	41.6	(12.3)	327.5
Finance income						7.4
Finance expense						(38.3)
Profit before income tax						296.6
Adjusted profit before income tax						380.5
Income tax						(75.0)
Profit for the period						221.6
Operating margin	6.7%	9.5%	5.9%	10.7%		7.3%
Return on average operating capital	43.6%	48.5%	49.3%	38.9%		43.5%

Year ended 31 December 2022	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	7,366.0	2,173.4	1,442.5	1,057.6		12,039.5
Adjusted operating profit/(loss)	511.5	195.1	95.3	111.7	(27.7)	885.9
Customer relationships, brands and technology amortisation	(57.3)	(40.6)	(11.0)	(19.5)		(128.4)
Acquisition related items	(15.8)	(27.5)	(7.4)	(5.2)		(55.9)
Operating profit/(loss)	438.4	127.0	76.9	87.0	(27.7)	701.6
Finance income						22.3
Finance expense						(90.2)
Disposal of business						0.9
Profit before income tax						634.6
Adjusted profit before income tax						818.0
Income tax						(160.2)
Profit for the year						474.4
Operating margin	6.9%	9.0%	6.6%	10.6%		7.4%
Return on average operating capital	45.4%	43.7%	52.2%	35.3%		43.0%

Acquisition related items	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**17.6**	8.7	24.9
Transaction costs and expenses	**12.0**	7.2	10.9
Adjustments to previously estimated earn outs	**(16.7)**	6.5	7.1
	12.9	22.4	42.9
Customer relationship impairment charges	**-**	-	13.0
	12.9	22.4	55.9

4. Finance income/(expense)

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Interest on cash and cash equivalents	**15.2**	2.1	10.5
Interest income from foreign exchange contracts	**6.6**	4.3	9.2
Net interest income on defined benefit pension schemes in surplus	**1.6**	0.5	1.2
Other finance income	**0.4**	0.5	1.4
Finance income	**23.8**	7.4	22.3
Interest on loans and overdrafts	**(47.2)**	(21.7)	(58.5)
Lease interest expense	**(13.1)**	(10.2)	(22.0)
Interest expense from foreign exchange contracts	**(0.6)**	(1.0)	(0.8)
Net interest expense on defined benefit pension schemes in deficit	**(0.4)**	(0.3)	(0.8)
Fair value gain on US private placement notes and senior bond in a hedge relationship	**10.5**	47.3	83.2
Fair value loss on interest rate swaps in a hedge relationship	**(12.1)**	(44.7)	(79.2)
Foreign exchange (loss)/gain on intercompany funding	**(58.3)**	99.8	126.7
Foreign exchange gain/(loss) on external debt and foreign exchange forward contracts	**58.0**	(99.8)	(126.7)
Monetary loss from hyperinflation accounting[1]	**(2.5)**	(7.3)	(10.7)
Other finance expense	**(0.8)**	(0.4)	(1.4)
Finance expense	**(66.5)**	(38.3)	(90.2)
Net finance expense	**(42.7)**	(30.9)	(67.9)

[1]See Note 1 for further details.

The foreign exchange loss on intercompany funding in the six month period to 30 June 2023 arises as a result of the retranslation of foreign currency intercompany loans. This loss on intercompany funding is substantially matched by the foreign exchange gain on external debt and foreign exchange forward contracts not in a hedge relationship, which minimises the foreign currency exposure in the Consolidated income statement.

5. Income tax

The tax charge for the interim financial statements is determined by applying the weighted average statutory tax rate based on full year forecast profits to the actual profits for the first half of the year, and then adjusting for non-taxable or deductible items that affect the profits of the first half of the year. Where tax balances are revised due to changes in tax rates or estimates of tax liabilities for prior periods, the full effect on the income statement is included in the tax charge for the first half of the year.

The adjustments to the tax charge at the weighted average rate to determine the income tax on profit for the period are as follows:

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Profit before income tax	**317.1**	296.6	634.6
Weighted average rate	**25.5%**	24.5%	24.6%
Tax charge at weighted average rate	**81.0**	72.7	156.1
Effects of:			
non-deductible expenditure	**0.9**	3.5	8.9
impact of intercompany finance	**0.1**	(0.2)	(2.0)
change in tax rates	**-**	0.2	0.4
hyperinflation accounting adjustments	**1.1**	3.2	4.7
prior year adjustments	**(3.1)**	(4.0)	(7.7)
other current year items	**(0.1)**	(0.4)	(0.2)
Income tax on profit	**79.9**	75.0	160.2

In assessing the underlying performance of the Group, management uses adjusted profit before income tax. The tax effect of the adjusting items (see Note 2) is excluded in monitoring the effective tax rate (being the tax rate on adjusted profit before income tax) which is shown in the table below:

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Income tax on profit	**79.9**	75.0	160.2
Tax associated with adjusting items	**19.8**	18.6	41.0
Tax on adjusted profit	**99.7**	93.6	201.2
Profit before income tax	**317.1**	296.6	634.6
Adjusting items	**78.5**	83.9	183.4
Adjusted profit before income tax	**395.6**	380.5	818.0
Reported tax rate	**25.2%**	25.3%	25.2%
Effective tax rate	**25.2%**	24.6%	24.6%

The group is within the scope of the OECD Pillar two model rules. Pillar two legislation was recently substantively enacted in some of the territories in which the group operates and will come into effect in these territories from 1 January 2024. At the interim reporting date, none of the Pillar two legislation is effective and so the group has no related current tax exposure. In light of IAS 12 recent amendments which clarify that Pillar two related balances are not within the scope of IAS 12 for deferred tax purposes and provide an exception on this basis, the group has developed an accounting policy where no deferred taxes arising from the implementation of the Pillar two model rules are provided.

6. Dividends

Total dividends for the periods in which they are recognised are:

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
2021 interim		54.3	54.3
2021 final		136.2	136.2
2022 interim	**57.9**		
2022 final	**151.8**		
Total	**209.7**	190.5	190.5

Total dividends per share for the periods to which they relate are:

			Per share
	Six months to 30.6.23	Six months to 30.6.22	Year to 31.12.22
2022 interim		17.3p	17.3p
2022 final			45.4p
2023 interim	**18.2p**		
Total	**18.2p**	17.3p	62.7p

The 2023 interim dividend of 18.2p per share will be paid on 3 January 2024 to shareholders on the register at the close of business on 17 November 2023. The 2023 interim dividend will comprise approximately £61m of cash.

7. Earnings per share

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Profit for the period	**237.2**	221.6	474.4
Adjusted for:			
customer relationships, brands and technology amortisation	**65.6**	61.5	128.4
acquisition related items	**12.9**	22.4	55.9
profit on disposal of business	**-**	-	(0.9)
tax credit on adjusting items	**(19.8)**	(18.6)	(41.0)
Adjusted profit for the period	**295.9**	286.9	616.8

	Six months to 30.6.23	Six months to 30.6.22	Year to 31.12.22
Basic weighted average number of ordinary shares in issue (million)	**335.1**	334.9	334.7
Dilutive effect of employee share plans (million)	**2.8**	2.8	2.5
Diluted weighted average number of ordinary shares (million)	**337.9**	337.7	337.2
Basic earnings per share	**70.8p**	66.2p	141.7p
Adjustment	**17.5p**	19.5p	42.6p
Adjusted earnings per share	**88.3p**	85.7p	184.3p
Diluted basic earnings per share	**70.2p**	65.6p	140.7p
Adjustment	**17.4p**	19.4p	42.2p
Adjusted diluted earnings per share	**87.6p**	85.0p	182.9p

8. Acquisitions

Acquisitions involving the purchase of the acquiree's share capital or, as the case may be, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. A key part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations' as revised. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 30 June 2023 the allocation period for all acquisitions completed since 1 July 2022 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. Adjustments are made to the value of assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments are made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects. During the six months to 30 June 2023 adjustments have been recognised to the fair value of assets and liabilities acquired related to acquisitions made in the prior year, resulting in a net increase to goodwill of £0.8m. Given the immaterial amounts involved the fair value of assets and liabilities acquired as reported in the prior year have not been restated.

The consideration in respect of acquisitions comprises amounts paid on completion and deferred consideration. The consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. Transaction costs and expenses such as professional fees are charged to the income statement.

For each of the businesses acquired and announced during the period, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%. Management also applies judgement in considering whether there are any material qualitative differences from other acquisitions made.

There were no individually significant acquisitions during the six months ended 30 June 2023, the six months ended 30 June 2022 and the year ended 31 December 2022.

Six months ended 30 June 2023

Summary details of the businesses acquired or agreed to be acquired during the period ended 30 June 2023 are shown in the table below:

Business	**Sector**	**Country**	**Acquisition date 2023**	**Percentage of share capital acquired**	**Annualised revenue £m**
GRC	Healthcare	Australia	1 January	**100%**	**2.7**
Capital Paper	Foodservice	Canada	31 January	**100%**	**15.8**
Arbeitsschutz-Express	Safety	Germany	3 April	**66%**	**40.1**
Dimasa	Cleaning & Hygiene	Spain	28 April	**100%**	**3.8**
Irudek	Safety	Spain	28 April	**75%**	**16.0**
EHM	Safety	UK	5 June	**100%**	**18.6**
La Cartuja Complementos Hosteleria	Foodservice	Spain	30 June	**100%**	**5.2**
Acquisition completed in the current period					**102.2**
Leal Equipamentos de Proteção	Safety	Brazil	1 August	**100%**	**36.7**
GRC	Healthcare	Australia	1 January	**100%**	**(2.7)**
Acquisitions agreed in the current period					**136.2**

A summary of the effect of acquisitions in the six months ended 30 June 2023 and 30 June 2022 and for the year ended 31 December 2022 is shown below:

	30.6.23 £m	30.6.22 £m	Total 31.12.22 £m
Customer relationships	**61.4**	14.8	107.7
Brands	**-**	4.2	11.6
Technology	**-**	-	9.1
Property, plant and equipment and software	**4.9**	1.0	4.8
Right-of-use assets	**14.7**	5.4	21.5
Inventories	**9.7**	8.5	44.9
Trade and other receivables	**15.1**	5.6	27.0
Trade and other payables	**(17.7)**	(5.6)	(30.9)
Net cash/(loans and overdrafts)	**10.4**	(7.2)	(6.8)
Provisions	**(5.7)**	(1.7)	(7.9)
Lease liabilities	**(14.7)**	(5.6)	(21.5)
Derivative assets/(liabilities)	**-**	0.2	0.4
Income tax payable and deferred tax liabilities	**(16.7)**	(3.3)	(31.3)
Fair value of net assets acquired	**61.4**	16.3	128.6
Goodwill	**37.8**	6.7	106.6
Consideration	**99.2**	23.0	235.2
Satisfied by:			
cash consideration	**76.5**	14.6	180.6
deferred consideration	**22.7**	8.4	54.6
	99.2	23.0	235.2
Contingent payments relating to the retention of former owners	**26.5**	1.4	66.4
Net (cash)/loans and overdrafts acquired	**(10.4)**	7.2	6.8
Transaction costs and expenses	**12.0**	7.2	10.9
Total committed spend in respect of acquisitions completed in the current period	**127.3**	38.8	319.3
Spend on acquisitions committed but not completed at the period end	**87.1**	144.7	2.9
Spend on acquisitions committed at the prior period end but completed in the current period	**(2.9)**	-	-
Total committed spend in respect of acquisitions agreed in the current period	**211.5**	183.5	322.2

The net cash outflow in respect of acquisitions comprised:

	Six	Six	Total

	months to 30.6.23 £m	months to 30.6.22 £m	Year to 31.12.22 £m
Cash consideration	**76.5**	14.6	180.6
Net (cash)/loans and overdrafts acquired	**(10.4)**	7.2	6.8
Deferred consideration payments	**6.1**	51.7	56.2
Purchase of businesses	**72.2**	73.5	243.6
Transaction costs and expenses paid	**11.8**	7.4	11.0
Payments relating to retention of former owners	**11.7**	3.6	9.6
Cash outflow from acquisition related items	**23.5**	11.0	20.6
Total cash outflow in respect of acquisitions	**95.7**	84.5	264.2

Acquisitions completed in the six months ended 30 June 2023 contributed £21.4m (six months ended 30 June 2022: £4.7m; year ended 31 December 2022: £115.8m) to the Group's revenue, £2.3m (six months ended 30 June 2022: £0.3m; year ended 31 December 2022: £9.5m) to the Group's adjusted operating profit and £1.3m (six months ended 30 June 2022: £0.2m; year ended 31 December 2022: £5.9m) to the Group's operating profit for the six months ended 30 June 2023.

The estimated contributions from acquisitions completed in the period to the results of the Group if such acquisitions had been made at the beginning of the respective periods, are as follows:

	Six months to 30.6.23 £m	Six months to 30.6.22 £m	Year to 31.12.22 £m
Revenue	**49.6**	26.1	296.3
Adjusted operating profit	**5.4**	1.5	28.8

Deferred Consideration

The table below gives further details of the Group's deferred consideration liabilities.

	Six months ended 30.6.23 £m	Six months ended 30.6.22 £m	Year ended 31.12.22 £m
Minority options	**114.0**	54.7	92.4
Earnouts	**17.4**	16.9	39.3
Deferred consideration held at fair value	**131.4**	71.6	131.7
Other	**8.8**	7.5	8.2
Total Deferred Consideration	**140.2**	79.1	139.9
Current	**33.4**	24.9	42.0
Non-Current	**106.8**	54.2	97.9
Total Deferred Consideration	**140.2**	79.1	139.9

Including expected future payments which are contingent on the continued retention of former owners of businesses acquired of £83.9m (Year ended 31 December 2022: £76.3m), total deferred and contingent consideration as at 30 June 2023 was £224.1m (Year ended 31 December 2022: £216.2m).

Year ended 31 December 2022

Summary details of the businesses acquired or agreed to be acquired during the year ended 31 December 2022 are shown in the table below:

Business	Sector	Country	Acquisition date 2022	Percentage of share capital acquired	Annualised revenue £m
USL	Healthcare	New Zealand	31 May	90%	56.0
Hygi.de	Cleaning & Hygiene	Germany	11 July	75%	94.3
AFL Groep	Other	Netherlands	20 July	90%	18.1
LCHS	Cleaning & Hygiene	United Kingdom	29 July	100%	5.4
Containit	Safety	Australia	1 August	80%	12.9
Corsul Group	Safety	Brazil	2 September	100%	42.3
Enviropack	Foodservice	United Kingdom	13 October	85%	6.9
VM Footwear	Safety	Czech Republic	31 October	70%	14.2
PM Pack	Foodservice	Denmark	30 November	70%	16.3
Toomac	Healthcare	New Zealand	2 December	100%	6.6
Grupo R. Queralto	Healthcare	Spain	21 December	85%	23.3
Acquisitions completed in the current year					296.3
GRC	Healthcare	Australia	1 January 2023	100%	2.7
Acquisitions agreed in the current year					299.0

9. Disposal of business

The Group did not dispose of any businesses during the six months to 30 June 2023. Disposal of business in the year ended 31 December 2022 related to UK Healthcare division, a business that was no longer considered to be a strategic fit within the portfolio of the Group's businesses, the disposal was completed on 19 December 2022.

10. Right-of-use assets

Six months ended 30 June 2023

Net book value	**Property £m**	**Motor Vehicles £m**	**Equipment £m**	**Total £m**
Beginning of the period	**439.6**	**63.3**	**26.7**	**529.6**
Acquisitions (Note 8)	**14.6**	**0.1**	**-**	**14.7**
Additions	**25.9**	**20.0**	**6.3**	**52.2**
Depreciation charge in the period	**(60.2)**	**(14.6)**	**(5.9)**	**(80.7)**
Remeasurement adjustments	**84.4**	**(0.8)**	**-**	**83.6**
Currency translation	**(20.2)**	**(2.9)**	**(1.4)**	**(24.5)**
As at 30 June 2023	**484.1**	**65.1**	**25.7**	**574.9**

Six months ended 30 June 2022

Net book value	Property £m	Motor Vehicles £m	Equipment £m	Total £m
Beginning of the period	366.4	57.8	24.1	448.3
Acquisitions (Note 8)	5.4	-	-	5.4
Additions	22.9	13.8	5.8	42.5
Depreciation charge in the period	(51.5)	(13.6)	(5.1)	(70.2)
Remeasurement adjustments	24.3	(0.3)	(0.3)	23.7
Currency translation	21.7	3.5	2.1	27.3
As at 30 June 2022	389.2	61.2	26.6	477.0

Year ended 31 December 2022

Net book value	Property £m	Motor Vehicles £m	Equipment £m	Total £m
Beginning of the year	366.4	57.8	24.1	448.3
Acquisitions (Note 8)	20.9	0.3	0.3	21.5
Disposal of business (Note 9)	(1.5)	(0.2)	-	(1.7)
Additions	84.2	28.1	11.0	123.3
Depreciation charge in the year	(111.7)	(28.6)	(10.8)	(151.1)
Remeasurement adjustments	54.7	1.9	-	56.6
Currency translation	26.6	4.0	2.1	32.7
As at 31 December 2022	439.6	63.3	26.7	529.6

11. Intangible assets

Six months ended 30 June 2023

	Goodwill £m	**Customer relationships £m**	**Brands £m**	**Technology £m**	**Software £m**	**Total £m**
Cost						
Beginning of the period	**1,944.4**	**2,349.0**	**39.7**	**9.5**	**107.4**	**4,450.0**
Acquisitions (Note 8)	**37.8**	**61.4**	**-**	**-**	**0.7**	**99.9**
Adjustment for hyperinflation accounting[1]	**3.5**	**1.2**	**-**	**-**	**-**	**4.7**
Additions					**6.4**	**6.4**
Disposals					**(0.5)**	**(0.5)**
Currency translation	**(74.3)**	**(100.3)**	**(1.9)**	**(0.4)**	**(4.5)**	**(181.4)**
End of the period	**1,911.4**	**2,311.3**	**37.8**	**9.1**	**109.5**	**4,379.1**
Accumulated amortisation and impairment						
Beginning of the period	**12.8**	**1,258.1**	**4.8**	**0.4**	**80.0**	**1,356.1**
Amortisation charge in the period		**62.5**	**1.7**	**1.4**	**4.7**	**70.3**
Adjustment for hyperinflation accounting[1]	**-**	**0.9**	**-**	**-**	**-**	**0.9**
Disposals					**(0.5)**	**(0.5)**
Currency translation	**(1.2)**	**(54.8)**	**(0.2)**	**-**	**(3.1)**	**(59.3)**
End of the period	**11.6**	**1,266.7**	**6.3**	**1.8**	**81.1**	**1,367.5**
Net book value at 30 June 2023	**1,899.8**	**1,044.6**	**31.5**	**7.3**	**28.4**	**3,011.6**

Six months ended 30 June 2022

	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
At 31 December 2021	1,710.9	2,055.2	25.0	-	90.2	3,881.3
Adjustment to opening balances in [illegible]	[illegible]	[illegible]		-		[illegible]

	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
respect of hyperinflation in Turkey[1]	7.5	11.1	-		-	18.6
Restated at 1 January 2022	1,718.4	2,066.3	25.0	-	90.2	3,899.9
Acquisitions (Note 8)	6.7	14.8	4.2	-	-	25.7
Adjustment for hyperinflation				-		
accounting[1]	7.2	10.0	-		-	17.2
Additions				-	3.7	3.7
Disposals				-	(0.6)	(0.6)
Currency translation	103.8	136.4	2.8	-	5.5	248.5
End of the period	1,836.1	2,227.5	32.0	-	98.8	4,194.4
Accumulated amortisation and impairment					-	
At 31 December 2021	12.4	1,033.2	1.0	-	67.9	1,114.5
Adjustment to opening balances in				-		
respect of hyperinflation in Turkey[1]	-	4.9	-		-	4.9
Restated at 1 January 2022	12.4	1,038.1	1.0	-	67.9	1,119.4
Amortisation charge in the period		60.1	1.4	-	4.1	65.6
Adjustment for hyperinflation				-		
accounting[1]	-	5.2	-		-	5.2
Disposals				-	(0.6)	(0.6)
Currency translation	0.8	60.8	0.7	-	4.2	66.5
End of the period	13.2	1,164.2	3.1	-	75.6	1,256.1
Net book value at 30 June 2022	1,822.9	1,063.3	28.9	-	23.2	2,938.3

Year ended 31 December 2022

	Goodwill £m	Customer relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
At 31 December 2021	1,710.9	2,055.2	25.0	-	90.2	3,881.3
Adjustment to opening balances in						
respect of hyperinflation in Turkey[1]	6.7	10.0	-	-	-	16.7
Restated at 1 January 2022	1,717.6	2,065.2	25.0	-	90.2	3,898.0
Acquisitions (Note 8)	106.6	107.7	11.6	9.1	0.7	235.7
Disposal of business (Note 9)	(17.0)	(5.1)	-	-	(0.8)	(22.9)
Adjustment for hyperinflation						
accounting[1]	9.7	13.5	-	-	-	23.2
Additions					12.0	12.0
Disposals					(3.4)	(3.4)
Currency translation	127.5	167.7	3.1	0.4	8.7	307.4
End of the year	1,944.4	2,349.0	39.7	9.5	107.4	4,450.0
Accumulated amortisation and impairment					-	
At 31 December 2021	12.4	1,033.2	1.0	-	67.9	1,114.5
Adjustment to opening balances in						
respect of hyperinflation in Turkey[1]	-	4.4	-	-	-	4.4
Restated at 1 January 2022	12.4	1,037.6	1.0	-	67.9	1,118.9
Amortisation charge in the year		124.8	3.2	0.4	8.8	137.2
Impairment charge in the year	-	13.0	-	-	-	13.0
Disposal of business (Note 9)	-	(2.9)	-	-	(0.6)	(3.5)
Adjustment for hyperinflation				-		
accounting[1]	-	6.8	-		-	6.8
Disposals				-	(3.4)	(3.4)
Currency translation	0.4	78.8	0.6	-	7.3	87.1
End of the period	12.8	1,258.1	4.8	0.4	80.0	1,356.1
Net book value at 31 December 2022	1,931.6	1,090.9	34.9	9.1	27.4	3,093.9

[1]See Note 1 for further details.

Goodwill, customer relationships, brands and technology intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the period are set out in Note 8.

The Group has completed an impairment assessment in relation to the carrying value of goodwill as at 30 June 2023. Based on this assessment, no impairment was identified and there were no reasonably possible changes in key assumptions that would result in a material change to the carrying amounts of goodwill in the next 12 months. The Group also considered whether there were any indicators that individual customer relationships, brands and technology intangible assets were impaired. Based on our impairment testing, no impairments were identified to the carrying value of customer relationships, brands and technology intangible assets as at 30 June 2023.

12. Working Capital

	30.6.23 £m	30.6.22 £m	31.12.22 £m
Inventories	**1,519.9**	1,809.2	1,748.6
Trade and other receivables	**1,605.3**	1,577.5	1,557.4
Trade and other payables - current	**(2,217.0)**	(2,336.6)	(2,249.4)

Add back net non-trading related receivables and payables	**28.8**	17.9	40.0
Add back dividends payable	**151.8**	136.2	-
	1,088.8	1,204.2	1,096.6

See Note 17 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements and acquisitions.

13. Financial instruments

The following financial assets and liabilities are held at fair value:

Financial assets	30.6.23 £m	30.6.22 £m	31.12.22 £m
Interest rate derivatives in fair value hedges	**-**	0.4	-
Foreign exchange derivatives in cash flow hedges	**1.3**	5.6	1.5
Foreign exchange derivatives in net investment hedges	**14.7**	5.6	8.3
Other foreign exchange and interest rate derivatives	**15.9**	4.1	9.2
Total derivative financial assets	**31.9**	15.7	19.0
Current derivative financial assets	**31.9**	14.1	19.0
Non-current derivative financial assets	**-**	1.6	-
Total derivative financial assets	**31.9**	15.7	19.0

Financial liabilities	30.6.23 £m	30.6.22 £m	31.12.22 £m
Interest rate derivatives in fair value hedges	**(112.6)**	(66.4)	(100.5)
Foreign exchange derivatives in cash flow hedges	**(1.5)**	(0.4)	(2.7)
Foreign exchange derivatives in net investment hedges	**(6.8)**	(15.8)	(5.7)
Other foreign exchange derivatives	**(3.9)**	(11.4)	(9.9)
Total derivative financial liabilities	**(124.8)**	(94.0)	(118.8)
Other payables	**(131.4)**	(71.6)	(131.7)
	(256.2)	(165.6)	(250.5)
Current derivative financial liabilities	**(12.2)**	(27.6)	(18.3)
Non-current derivative financial liabilities	**(112.6)**	(66.4)	(100.5)
Total derivative financial liabilities	**(124.8)**	(94.0)	(118.8)

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of other payables, have carrying amounts where the fair value is, and has been throughout the period, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable. Other payables measured at fair value relate to earn outs and options on businesses acquired. This is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. These balances are sensitive to a change in the expected profitability of the businesses acquired. A 1% increase in the expected profitability of the relevant businesses acquired would result in an increase to other payables of £2.6m and 1% decrease in the expected profitability would result in a decrease of £2.6m.

There were no transfers between levels for recurring fair value measurements during the period.

The fair values of all financial instruments approximate to their book values, with the exception of the US private placement notes and the senior bonds which are held at amortised cost. The fair value of all US private placement notes which are held at amortised cost, using market prices at 30 June 2023, was £859.6m (30 June 2022: £831.9m; 31 December 2022: £1,063.4m), compared to a carrying value of £925.5m (30 June 2022: £860.5m; 31 December 2022: £1,136.7m). The fair value of the senior bonds which are held at amortised cost, using market prices at 30 June 2023, was £567.5m (30 June 2022: £619.9m, 31 December 2022: £572.7m) compared to a carrying value of £588.4m (30 June 2022: £629.7m; 31 December 2022: £598.3m).

14. Lease liabilities

The Group leases certain property, plant, equipment and vehicles under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

Movement in lease liabilities	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Beginning of the period	**569.9**	488.7	488.7
Acquisitions (Note 8)	**14.7**	5.6	21.5
Disposal of business (Note 9)	**-**	-	(2.1)
New leases	**52.2**	42.5	123.3
Interest charge in the period	**13.1**	10.2	22.0
Payment of lease liabilities	**(91.9)**	(82.5)	(175.1)
Remeasurement adjustments	**84.9**	23.7	56.6
Currency translation	**(25.2)**	29.8	35.0
End of the period	**617.7**	518.0	569.9
Ageing of lease liabilities:			
Current lease liabilities	**147.7**	136.9	145.9
Non-current lease liabilities	**470.0**	381.1	424.0
End of the period	**617.7**	518.0	569.9

15. Cash and cash equivalents and net debt

	30.6.23 £m	30.6.22 £m	31.12.22 £m
Cash at bank and in hand	**1,481.1**	1,040.2	1,504.0
Bank overdrafts	**(887.5)**	(812.2)	(825.9)
Cash and cash equivalents	**593.6**	228.0	678.1
Interest bearing loans and borrowings - current liabilities	**(131.8)**	(215.4)	(161.0)
Interest bearing loans and borrowings - non-current liabilities	**(1,386.6)**	(1,301.3)	(1,574.0)
Derivatives managing interest rate risk and currency profile of the debt	**(95.6)**	(85.9)	(103.2)
Net debt excluding lease liabilities	**(1,020.4)**	(1,374.6)	(1,160.1)
Lease liabilities	**(617.7)**	(518.0)	(569.9)
Total net debt including lease liabilities	**(1,638.1)**	(1,892.6)	(1,730.0)

The cash at bank and in hand and bank overdrafts amounts included in the table above include the amounts associated with the Group's cash pool. The cash pool enables the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group has the legal right of set-off of balances within the cash pool which is an enforceable right. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	30.6.23 £m	30.6.22 £m	31.12.22 £m
Cash at bank and in hand net of amounts in the cash pool	**621.0**	308.3	700.5
Bank overdrafts net of amounts in the cash pool	**(27.4)**	(80.3)	(22.4)
Cash and cash equivalents	**593.6**	228.0	678.1

16. Movement in net debt

Six months ended 30 June 2023	**Net debt £m**	**Cash and cash equivalents £m**	**Other components £m**
Beginning of the period excluding lease liabilities	**(1,160.1)**	**678.1**	**(1,838.2)**
Net cash inflow/(outflow)	**83.9**	**(58.0)**	**141.9**
Non-cash movement in debt	**(0.4)**	**-**	**(0.4)**
Realised gains on foreign exchange contracts	**12.0**	**-**	**12.0**
Currency translation	**44.2**	**(26.5)**	**70.7**
End of the period excluding lease liabilities	**(1,020.4)**	**593.6**	**(1,614.0)**
Lease liabilities	**(617.7)**	**-**	**(617.7)**
End of the period including lease liabilities	**(1,638.1)**	**593.6**	**(2,231.7)**

Six months ended 30 June 2022	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of the period excluding lease liabilities	(1,337.4)	225.3	(1,562.7)
Net cash inflow/(outflow)	37.6	(34.5)	72.1
Non-cash movement in debt	4.7	-	4.7
Realised losses on foreign exchange contracts	(26.5)	-	(26.5)
Currency translation	(53.0)	37.2	(90.2)
End of the period excluding lease liabilities	(1,374.6)	228.0	(1,602.6)
Lease liabilities	(518.0)	-	(518.0)
End of the period including lease liabilities	(1,892.6)	228.0	(2,120.6)

Year ended 31 December 2022	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of the year excluding lease liabilities	(1,337.4)	225.3	(1,562.7)
Net cash inflow	269.0	397.4	(128.4)
Non-cash movement in debt	8.2	-	8.2
Realised losses on foreign exchange contracts	(86.2)	-	(86.2)

Currency translation	(13.7)	55.4	(69.1)
End of the year excluding lease liabilities	(1,160.1)	678.1	(1,838.2)
Lease liabilities	(569.9)	-	(569.9)
End of the year including lease liabilities	(1,730.0)	678.1	(2,408.1)

17. Cash flow from operating activities

The tables below give further details on the adjustments for depreciation and software amortisation, other non-cash items and the working capital movement shown in the Consolidated cash flow statement:

Depreciation and software amortisation	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Depreciation of right-of-use assets	**80.7**	70.2	151.1
Other depreciation and software amortisation	**19.8**	18.3	38.4
	100.5	88.5	189.5

Other non-cash items	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Share based payments	**7.6**	6.6	14.1
Provisions	**(5.7)**	7.8	(3.9)
Retirement benefit obligations	**(4.4)**	(4.7)	(3.9)
Hyperinflation accounting adjustments	**2.2**	2.1	8.0
Other	**3.5**	1.7	1.6
	3.2	13.5	15.9

Working capital movement	**Six months to 30.6.23 £m**	Six months to 30.6.22 £m	Year to 31.12.22 £m
Decrease/(increase) in inventories	**173.2**	(191.0)	(118.7)
Increase in trade and other receivables	**(87.5)**	(49.2)	(13.0)
(Decrease)/increase in trade and other payables	**(113.1)**	171.4	186.2
	(27.4)	(68.8)	54.5

18. Related party disclosures

As disclosed in the Annual Report for the year ended 31 December 2022, the Group has identified the directors of the Company, their close family members, the Group's defined benefit pension schemes and its key management as related parties for the purpose of IAS 24 'Related Party Disclosures'. There have been no material transactions with those related parties during the six months ended 30 June 2023. Details of the relevant relationships with those related parties will be disclosed in the Annual Report for the year ending 31 December 2023. All transactions with subsidiaries are eliminated on consolidation.

Responsibility statement of the directors in respect of the half yearly financial report

The directors confirm to the best of their knowledge that these condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB'), UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of a condensed set of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

Frank van Zanten
Chief Executive Officer
29 August 2023

Richard Howes
Chief Financial Officer

Independent review report to Bunzl plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Bunzl plc's condensed consolidated interim financial statements (the "interim financial statements") in the half yearly financial report of Bunzl plc for the 6 month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB, UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2023;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half yearly financial report of Bunzl plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB, UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

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 to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the interim financial statements, 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 Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the half yearly financial report, including the interim 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 is to express a conclusion on the interim financial statements in the half yearly financial report

Our responsibility is to express a conclusion on the interim financial statements in the half yearly financial report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
29 August 2023

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