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Genuit Group PLC
13 August 2024

Genuit Group plc

Interim results for the six months ended 30 June 2024

Continued margin expansion and strategic progress in a subdued market

Genuit Group plc ("Genuit", the "Company" or the "Group"), the UK's largest provider of sustainable water, climate and ventilation solutions for the built environment, today announces its unaudited interim results for the six months ended 30 June 2024.

Financial Results	H1 2024	H1 2023	Change
Revenue (£m)	**272.4**	304.8	(10.6%)
Alternative Performance Measures[1]			
Underlying operating profit (£m)	**43.6**	47.0	(7.2%)
Underlying operating margin (%)	**16.0**	15.4	60 bps
Underlying profit before tax (£m)	**37.6**	40.3	(6.7%)
Underlying earnings per share (basic - pence)	**11.2**	12.4	(9.7%)
Underlying operating cash conversion (%)	**85.8**	45.3	4,050 bps
Statutory Measures			
Operating profit (£m)	**21.3**	36.4	(41.5%)
Profit before tax (£m)	**15.3**	29.7	(48.5%)
Earnings per share (basic - pence)	**3.4**	9.4	(63.8%)
Cash generated from operations (£m)	**46.8**	31.7	47.6%
Dividend per share (pence)	**4.1**	4.1	-
Leverage (times pro-forma EBITDA)	**1.1**	1.3	-

1 Alternative performance measures (APMs) are used by the Group to assess the underlying performance of the business. A definition of all the APMs is set out in Note 1 of the interim condensed consolidated financial statements on pages 15 and 16.

2 Company compiled consensus range for FY24 underlying operating profit is between £92.1m and £96.0m

Joe Vorih, Chief Executive Officer, said:

"Whilst the market remains subdued in 2024, the Group demonstrated continued operating margin improvement in the first half over prior year, as the benefits of our strategic actions continue. I'm particularly pleased at the momentum building in the embedding of the Genuit Business System through our businesses. I'm also delighted to welcome new colleagues from our two recent acquisitions into the Group as we advance our Sustainable Solutions for Growth strategy.

As we look forward into the second half, we currently anticipate these market conditions to remain, offset by continued operational and strategic progress. We continue to expect full year underlying operating profit to be within the range of analyst forecasts.[2] The Genuit Group is exceptionally well positioned to benefit from eventual market recovery, with business simplification complete, at least 20% available capacity to ramp production and improved operational gearing providing confidence in medium term targets."

Financial Highlights

- Underlying operating margin improvement of 60 basis points year-on-year, despite a reduction in revenue of 10.6% year-on-year in a subdued market, reflecting the completion of the business simplification programme, a normalising cost inflation environment, disciplined cost management and emerging operating efficiencies unlocked by the Genuit Business System (GBS).

- Climate Management Solutions (CMS) underlying operating margin rose 160 basis points to 15.1% (H1 2023: 13.5%), following the business simplification actions and GBS improvements at Surestop, Adey and Nuaire. Revenue decreased by 7.2% year-on-year as a result of lower market volumes and continued softness in the boiler market affecting sales at Adey, partially offset by growth in residential ventilation sales at Nuaire/Domus.

- Water Management Solutions (WMS) underlying operating margin was in-line with H1 2023 at 10.0%, whilst revenue decreased by 11.4% year-on-year, impacted by wet weather and delayed project starts. The closures of two sites as part of the business simplification programme were completed in H1 2024, supporting the future trajectory for operating margin improvement as volumes increase.

- Sustainable Building Solutions (SBS) underlying operating margin increased by 60 basis points to 21.1% (H1 2023: 20.5%), through business simplification actions taken in the prior year, balanced cost and price management and GBS operating efficiencies. This is against a background where revenue decreased by 12.6% year-on-year, driven by lower market volumes.

- Strong underlying operating cash generation of £37.4m (85.8% cash conversion).

- Net debt reduced from 1.3 times at 30 June 2023 to 1.1 times pro-forma EBITDA at 30 June 2024 in line with expectations and providing strategic optionality for further M&A.

- The Group intends to pay an interim dividend of 4.1 pence per share (2023: 4.1 pence per share) demonstrating the Board's confidence in the medium-term growth prospects of the Group.

Strategic and Operational Highlights

Growth - Focusing on higher-growth, sustainability-driven markets, via organic growth and disciplined M&A opportunities.

- Completed the acquisition of Sky Garden in August 2024 for a cash consideration of £2.5m. Sky Garden is a leader in green roof technologies, with annual revenues of c.£7.0m. Providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls, the business will join WMS and extend the Group's blue green roof offering. It complements Permavoid's geo-cellular roofing solutions business and creates synergies with Keytec's water management installation business.

- Completed the acquisition of Omnie & Timoleon in August 2024 for a cash consideration of £2.7m. Omnie & Timoleon are leaders in underfloor heating (UFH) board technologies and providers of full UFH system design and supply services generating annual revenues of c.£8.0m. It extends the Group's UFH offering within CMS and is complementary to the existing Nu-Heat and Polypipe UFH businesses.

- Sales of new products were £105.4m in the first half, resulting in a Vitality Index of 19.0%. Recent new product launches include the PolyPlumb Enhanced range of innovative push-fit plumbing and SubTerra CT modular access chambers. The Group remains on track to achieve its 25% vitality target through the cycle.

  Strong progress was made on the Group's underfloor heating strategy with 15 commitments signed for new-build developments in the period. Underfloor heating is expected to grow significantly as its share of new-build homes increases under the transition to the Future Homes Standard.

- Several projects secured with Modern Methods of Construction (MMC) manufacturers of pods and volumetric modules, for delivery in the second half of the year. These low labour solutions are expected to be a growth sector within commercial construction.

Sustainability - Continually improving the sustainability of our operation to be the lowest-carbon choice for our customers.

- The Group's scopes 1 & 2 carbon intensity, on a rolling twelve-month basis is 0.139 (tCO_2e per tonne of

  production) which is broadly in line with the 2023 year-end, (FY 2023: 0.140) despite the impact of lower volumes.

- Recycled materials formed 51.2% of our polymer inputs (2023: 48.4%) in the Group's strategic Business Units. We remain the European leader in the sector for use of recyclate as part of our overall strategy to be a leader in de-carbonising building materials.

Genuit Business System - Creating value through lean transformation and operational excellence.

- Launched the Horncastle lean lighthouse with Value Stream Mapping and Total Preventative Maintenance kaizen events during the second quarter of 2024.
- Nuaire Standard Work kaizen event held in May 2024 on the XBC production line demonstrating targeted 30% increase in output and productivity, creating capacity for future growth.
- Over 400 Genuit employees have participated in lean kaizen events or training so far, empowering and inspiring our workforce as we progress on our lean journey.

People and Culture - Creating value and enabling growth through the capability, expertise and development of our employees.

- During the first half of 2024, the Group launched the Genuit Trademark Behaviours - we work together, we take ownership, we find a better way. These were developed by colleagues across the Group by identifying what enables them to all be at their best and will underpin a common culture across the Group.
- The Group expects to be awarded Gold Status by The 5% Club, with 10.8% of the Group's workforce in accredited work and learning programmes, demonstrating the Group's commitment to employee development and social mobility.

Outlook

- The market is expected to remain subdued during the second half of 2024, with a backdrop of low volumes of new housebuilding, a softer commercial construction sector and an RMI market that has been waiting for interest rate reductions. Despite this, the Board expects underlying operating profit to remain in the range of analyst forecasts.[2]
- The acquisitions of Sky Garden and Omnie & Timoleon will increase H2 2024 revenue by £6-7m, without a material impact on adjusted operating profit.
- Genuit remains well positioned for market recovery, with UK Government policy and reducing interest rates expected to stimulate the construction sector. The Group has improved operational gearing and has at least 20% available capacity within the current operational footprint, providing confidence in the achievement of medium-term profit targets as volumes grow.

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A copy of this report will be available on our website *www.genuitgroup.com* today from 0700hrs (BST).

A live webcast of the Half Year Results presentation, hosted by Joe Vorih, Chief Executive Officer, and Tim Pullen, Chief Financial Officer, will be broadcast at 0830 on Tuesday 13 August 2024. To access the live presentation on that date, participants will be required to register in advance using the following webcast link:

https://www.investis-live.com/genuit-group/66aa28e6a23d3f13002aa3aa/hyres

We recommend you register by 0815hrs (GMT). The webcast will be recorded, and a replay will be available shortly after the webcast ends via the same link above. A recording of the presentation and a copy of the slides will be available following the event on the Company's website at Results, Reports & Presentations - Genuit Group plc

Notes to Editors:

About Genuit Group plc

Genuit Group plc is the UK's largest provider of sustainable water, climate and ventilation products for the built environment. Genuit's solutions allow customers to mitigate and adapt to the effects of climate change and meet evolving sustainability regulations and targets.

The Group is divided into three Business Units, each of which addresses specific challenges in the built environment:

- **Climate Management Solutions** - Addressing the drivers for low carbon heating and cooling, and clean and healthy air ventilation.
- **Water Management Solutions** - Driving climate adaptation and resilience through integrated surface and drainage solutions.
- **Sustainable Building Solutions** - Providing a range of construction solutions to reduce the carbon content of the built environment.

Across these divisions, Genuit's brands are some of the most well-established and innovative in the industry, including Polypipe, Nuaire and Adey.

The Group primarily serves the UK and European building and construction markets with a presence in Italy and the Netherlands and sells to specific niches in the rest of the world.

Group Results

Revenue for the six months ended 30 June 2024 was 10.6% lower than the prior year at £272.4m (2023: £304.8m), driven by a volume decline of 10.5% that was in line with a subdued market.

The Group demonstrated a 60 basis points gross margin improvement versus 2023 H1. Underlying operating profit was £43.6m (2023: £47.0m), driven by the Group successfully delivering on business simplification actions and balanced price management in a normalising cost inflation environment. As a result, underlying operating margin of 16.0% in the period represented an improvement of 60 basis points on the prior year.

Finance costs reduced slightly to £6.0m (2023: £6.7m), in line with expectations. Whilst Standard Overnight Index Average (SONIA) interest rates remain comparatively high, these were partially offset by lower RCF borrowings as a result of working capital efficiencies.

The total tax charge was £6.9m (2023: £6.4m). The underlying tax charge of £9.9m (2023: £9.5m) represents an effective underlying tax rate of 26.3% (2023: 23.6%).

Underlying profit after tax was lower than the prior year at £27.7m (2023: £30.8m). Underlying basic earnings per share was 11.2 pence (2023: 12.4 pence).

Including non-underlying items of £19.3m, profit after tax was £8.4m (2023: £23.3m), and basic earnings per share was 3.4 pence (2023: 9.4 pence).

The Board recognises the importance of dividends to shareholders and has declared an interim dividend of 4.1 pence per share. This dividend will be paid on 2 October 2024 to shareholders on the register at the close of business on 30 August 2024.

Business Unit Review

Revenue (£m)	**H1 2024**	H1 2023	Change %
Climate Management Solutions	**78.6**	84.7	(7.2)
Water Management Solutions	**78.1**	88.1	(11.4)
Sustainable Building Solutions	**111.4**	127.5	(12.6)
	268.1	300.3	(10.7)
Other*	**4.3**	4.5	(4.4)
Total Group	**272.4**	304.8	(10.6)

* relates to assets held for sale which are not reported as part of the Group's strategic Business Units.

Underlying operating profit (£m)	**H1 2024**	**ROS %***	H1 2023	ROS %*	Change
Climate Management Solutions	**11.9**	**15.1**	11.4	13.5	160 bps
Water Management Solutions	**7.8**	**10.0**	8.8	10.0	-
Sustainable Building Solutions	**23.5**	**21.1**	26.2	20.5	60 bps
	43.2	**16.1**	46.4	15.5	60 bps
Other**	**0.4**	**9.3**	0.6	13.3	(400) bps
Total Group	**43.6**	**16.0**	47.0	15.4	60 bps

* Return on sales (ROS) is equivalent to underlying operating margin (underlying operating profit / revenue)
** relates to assets held for sale which are not reported as part of the Group's strategic Business Units.

Revenue, in the strategic Business Units, for the six months ended 30 June 2024 was 10.7% lower than the prior year at £268.1m (2023: £300.3m). The Group has continued to focus on profitable growth and improving operating margin, despite challenging markets, towards its mid-term goals.

The Group has now deployed GBS via Lighthouse Projects within all Business Units and improvements in customer service, efficiencies, and inventory levels are gaining traction. GBS, existing self-help measures and procurement savings, have enabled the Group to grow operating margin despite seeing volume reductions in the first half of the year.

The Group has completed the closure of two UK manufacturing facilities (Rochdale and Moreton) in the first half of 2024 and will continue to serve customers of these businesses from alternative facilities. There has been no reduction in manufacturing capacity as a result of these business simplification actions.

Climate Management Solutions

Climate Management Solutions (CMS) addresses the drivers for low carbon heating and cooling, and clean and healthy air ventilation.

CMS revenue of £78.6m (2023: £84.7m) was 7.2% lower than prior year. The business reported an underlying operating margin of 15.1% for the period, an improvement of 160 basis points over the prior year, driven primarily by the impact of business simplification projects, along with emerging benefits from deployment of the Genuit Business System.

The Nuaire / Domus ventilation business experienced continued growth in residential market sales which partially offset some softness in commercial markets. The Adey boiler filter and chemicals business continued to experience a challenging market with a delay to recovery in volumes, related to a subdued RMI market. Boiler sales in the first half of 2024 were c.25% down on prior year with Adey volumes down in line with this. The Group has recognised an impairment charge of £12.4m reflecting the delay in market recovery but remains confident in the medium-term prospects of the Adey business. The Nu-Heat underfloor heating business had a resilient performance in the context of a weak new-build and RMI market.

Water Management Solutions

Water Management Solutions (WMS) is focused on driving climate adaptation and resilience through integrated surface and drainage solutions.

WMS revenue of £78.1m (2023: £88.1m) was 11.4% lower than prior year, impacted by a soft market and wet weather which has delayed the start of key projects.

The Business Unit reported an underlying operating margin of 10.0% for the period, in line with the prior year and highlighting improved operating gearing in the context of volume softness. The closure of two sites as part of the business simplification programme were completed in H1 2024, supporting the future trajectory for operating margin improvement as volumes increase.

Sustainable Building Solutions

Sustainable Business Solutions (SBS) provides a range of construction solutions to reduce the carbon content of the built environment.

Trading in SBS was impacted by lower market volumes versus prior year. According to NHBC data, new housebuild starts were down by 46% in the six months to June versus prior year, with completions down by 9%. The RMI market also remained soft. SBS trading volumes were down by 11% implying moderate market share gains. Revenue of

£111.4m (2023: £127.5m), was 12.6% lower than prior year.

Despite the market driven volume softness, underlying operating profit margin improved by 60 basis points, driven primarily by the impact of business simplification projects, along with emerging benefits from deployment of the Genuit Business System.

Financial Review

Non-underlying costs
Non-underlying trading costs were £2.7m (2023: £3.2m) before tax. This is net of the proceeds from sale of two properties in the period ending 30 June 2024 (30 June 2023: 1 property) resulting in £1.5m (2023: £4.1m) profit on disposal. This partially offsets a non-cash provision of £4.0m which has been recognised in respect of a dispute with a third party back-office software supplier. Other non-underlying items increased to £19.6m (2023: £7.4m) before tax. These included non-cash amortisation of £7.2m (2023: £7.4m) and an impairment of goodwill of £12.4m (2023: £nil) relating to the Adey business.

Finance Costs
Underlying finance costs reduced slightly to £6.0m (2023: £6.7m), which were broadly in line with expectations, whilst Standard Overnight Index Average (SONIA) interest rates remain high these were partially offset by lower RCF borrowings. The Group continued to focus on cash management during H1 2024 to ensure RCF borrowings are as low as possible to reduce interest impact and allow optionality for funding growth.

Taxation
The Group's tax charge for the six months ended 30 June 2024 increased to £6.9m (2023: £6.4m) which represents an effective tax rate of 45.1% (2023: 21.5%) impacted by the goodwill impairment charge being non-deductible. The underlying tax rate (underlying tax: underlying profit before tax) has been provided at the estimated full year rate of 24.5% (2023 full year: 20.6%).

Dividend
The Group intends to pay an interim dividend of 4.1 pence per share (2023: 4.1 pence per share). The Group aims to pay a progressive dividend, based on dividend cover of 2.0x or greater over the business cycle.

Cash Flow and Net Debt
Delivery of strong cash generation remains core to the Group's strategy. Underlying operating cash conversion of 85.8% (2023: 45.3%) calculated as underlying operating cashflow (after payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying operating profit. The Group remains committed to achieving a conversion rate of 90.0% over the medium-term.

Capital expenditure decreased to £12.6m (2023: £12.8m). The full year 2024 is expected to be in the range of £30-£35m, with a primary focus on key, strategic and innovative projects.

Net debt (including unamortised debt issue costs but excluding the effects of IFRS 16 capitalisation) decreased to £122.5m at 30 June 2024 (30 June 2023 £154.6m, 31 December 2023: £125.9m). Leverage was in line with expectations at 1.1 times pro-forma EBITDA (30 June 2023: 1.3 times pro-forma EBITDA). With continued strong cash generation expected, the Group's balance sheet will be further strengthened with leverage of c.1.0x expected at year end, providing further opportunities to deploy capital for value accretive M&A.

Going Concern
The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group's bank financing facilities consist of a £350.0m Sustainability-Linked Loan with an uncommitted 'accordion' facility of £50.0m and a seven-year private placement loan note of £25.0m with an uncommitted shelf facility of £125.0m. At 30 June 2024, liquidity headroom (cash and undrawn committed banking facilities) was £250.8m (2023: £217.9m). The Group continues to deleverage and its net debt to EBITDA ratio stood at 1.1 times pro-forma EBITDA at 30 June 2024 (30 June 2023: 1.3 times pro-forma EBITDA), increasing to 1.4 times pro-forma EBITDA including the effects of IFRS 16. This headroom means the Group is well-positioned to undertake strategic M&A.

The Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 18 months. Accordingly, they continue to adopt the going concern basis in preparing the condensed set of consolidated financial statements.

Principal Risks and Uncertainties

The Board continually assesses and monitors the key risks of the business and Genuit has developed a risk management framework to identify, report, and manage its principal risks and uncertainties. The principal risks and uncertainties that could have a material impact on the Group's performance and prospects, and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising, have not changed from those which are set out in detail in the principal risks and uncertainties section of the 2023 Annual Report and Accounts.

These principal risks and uncertainties include macro-economic and political conditions; climate change; raw materials supply and pricing; information systems disruption; reliance on key customers and recruitment and retention of key personnel.

A copy of the 2023 Annual Report and Accounts is available on the Company's website www.genuitgroup.com.

Forward-Looking Statements

This report contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the Group's control, and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this report and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this report should be construed as a profit forecast.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of consolidated financial statements has been prepared in accordance with UK-adopted International Accounting Standard (IAS) 34, Interim Financial Reporting; and
- The Interim Management Report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could do so.

This report was approved by the Board of Directors on 13 August 2024 and is available on the Company's website www.genuitgroup.com.

The Directors of the Company are:

Kevin Boyd	Chair
Joe Vorih	Chief Executive Officer
Tim Pullen	Chief Financial Officer
Lisa Scenna	Senior Independent Director
Louise Brooke-Smith	Non-executive Director
Shatish Dasani	Non-executive Director
Bronagh Kennedy	Non-executive Director

By order of the Board:

J M Vorih — **Chief Executive Officer**

T N Pullen — **Chief Financial Officer**

Interim Group Income Statement
for the six months ended 30 June 2024 (unaudited)

	Notes	**Six months ended 30 June 2024** Underlying £m	Non-underlying £m	Total £m	Six months ended 30 June 2023 Underlying £m	Non-underlying £m	Total £m
Revenue	3	**272.4**	**-**	**272.4**	304.8	-	304.8
Cost of sales		**(150.5)**	**1.2**	**(149.3)**	(179.8)	(0.5)	(180.3)
Gross profit		**121.9**	**1.2**	**123.1**	125.0	(0.5)	124.5
Selling and distribution costs		**(36.7)**	**-**	**(36.7)**	(37.6)	-	(37.6)
Administration expenses		**(40.7)**	**(3.9)**	**(44.6)**	(40.2)	(2.7)	(42.9)
Trading profit		**44.5**	**(2.7)**	**41.8**	47.2	(3.2)	44.0
Amortisation of intangible assets		**(0.9)**	**(7.2)**	**(8.1)**	(0.2)	(7.4)	(7.6)
Impairment of goodwill		**-**	**(12.4)**	**(12.4)**	-	-	-
Operating profit	3	**43.6**	**(22.3)**	**21.3**	47.0	(10.6)	36.4
Finance costs	3, 5	**(6.0)**	**-**	**(6.0)**	(6.7)	-	(6.7)
Profit before tax		**37.6**	**(22.3)**	**15.3**	40.3	(10.6)	29.7
Income tax	6	**(9.9)**	**3.0**	**(6.9)**	(9.5)	3.1	(6.4)
Profit for the period attributable to the owners of the parent company		**27.7**	**(19.3)**	**8.4**	30.8	(7.5)	23.3
Basic earnings per share (pence)	7			**3.4**			9.4
Diluted earnings per share (pence)	7			**3.4**			9.3
Dividend per share (pence) - interim	8			**4.1**			4.1

Non-underlying items are presented separately and are detailed in Note 4.

Interim Group Statement of Comprehensive Income for the six months ended 30 June 2024 (unaudited)

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Profit for the period attributable to the owners of the parent company	**8.4**	23.3
Other comprehensive income:		
Items which may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**(0.1)**	-
Effective portion of changes in fair value of interest rate derivatives	**0.2**	-
Other comprehensive income for the period net of tax	**0.1**	-
Total comprehensive income for the period attributable to the owners of the parent company	**8.5**	23.3

Interim Group Balance Sheet at 30 June 2024 (unaudited)

	Notes	**30 June 2024 £m**	30 June 2023 £m	31 December 2023 £m
Non-current assets				
Property, plant and equipment		**179.3**	170.3	176.4
Right-of-use assets		**27.2**	23.8	22.9
Intangible assets	9	**577.4**	607.8	596.8
Total non-current assets		**783.9**	801.9	796.1
Current assets				
Inventories		**68.0**	81.1	69.2
Trade and other receivables		**83.7**	102.6	73.9
Income tax receivable		**2.3**	4.0	5.4
Cash and cash equivalents	12	**25.8**	27.9	17.0
Derivative financial instruments	13	**0.2**	-	0.1
Assets held-for-sale	10	**15.0**	11.2	17.1
Total current assets		**195.0**	226.8	182.7
Total assets		**978.9**	1,028.7	978.8
Current liabilities				
Trade and other payables		**(117.0)**	(126.9)	(114.8)
Lease liabilities	12	**(6.6)**	(5.8)	(5.0)
Liabilities held-for-sale		**(4.0)**	(2.8)	(2.8)
Provisions	11	**(4.9)**	-	-
Deferred and contingent consideration	9	**-**	-	(8.2)
Total current liabilities		**(132.5)**	(135.5)	(130.8)
Non-current liabilities				
Loans and borrowings	12, 13	**(148.3)**	(182.5)	(142.9)
Lease liabilities	12	**(21.3)**	(18.5)	(18.4)
Deferred and contingent consideration	9	**-**	(8.8)	-
Deferred income tax liabilities		**(49.7)**	(52.9)	(50.1)
Total non-current liabilities		**(219.3)**	(262.7)	(211.4)
Total liabilities		**(351.8)**	(398.2)	(342.2)
Net assets		**627.1**	630.5	636.6
Capital and reserves				
Equity share capital		**0.2**	0.2	0.2
Share premium		**93.6**	93.6	93.6
Capital redemption reserve		**1.1**	1.1	1.1
Hedging reserve		**0.3**	-	0.1
Foreign currency retranslation reserve		**(0.2)**	-	(0.1)
Other reserves		**116.5**	116.5	116.5
Retained earnings		**415.6**	419.1	425.2
Total equity		**627.1**	630.5	636.6

Total equity	[illegible]	[illegible]	[illegible]

Interim Group Statement of Changes in Equity
for the six months ended 30 June 2024 (unaudited)

	Equity share capital £m	Share premium £m	Capital redemption reserve £m	Hedging reserve £m	Foreign currency retranslation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Six months ended 30 June 2024								
Opening balance	**0.2**	**93.6**	**1.1**	**0.1**	**(0.1)**	**116.5**	**425.2**	**636.6**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**8.4**	**8.4**
Other comprehensive income	**-**	**-**	**-**	**0.2**	**(0.1)**	**-**	**-**	**0.1**
Total comprehensive income for the period	**-**	**-**	**-**	**0.2**	**(0.1)**	**-**	**8.4**	**8.5**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(20.6)**	**(20.6)**
Share-based payments charge	**-**	**-**	**-**	**-**	**-**	**-**	**1.6**	**1.6**
Share-based payments settled	**-**	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Share-based payments excess tax benefit	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Closing balance	**0.2**	**93.6**	**1.1**	**0.3**	**(0.2)**	**116.5**	**415.6**	**627.1**
Six months ended 30 June 2023								
Opening balance	0.2	93.6	1.1	-	-	116.5	415.7	627.1
Profit for the period	-	-	-	-	-	-	23.3	23.3
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	23.3	23.3
Dividends paid	-	-	-	-	-	-	(20.4)	(20.4)
Share-based payments charge	-	-	-	-	-	-	1.6	1.6
Share-based payments settled	-	-	-	-	-	-	-	-
Share-based payments excess tax benefit	-	-	-	-	-	-	(1.1)	(1.1)
Closing balance	0.2	93.6	1.1	-	-	116.5	419.1	630.5

Interim Group Cashflow Statement
for the six months ended 30 June 2024 (unaudited)

	Notes	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Operating activities				
Cash generated from operations	14	**46.8**	**31.7**	109.7
Income tax paid		**(3.5)**	**(5.2)**	(12.1)
Net cash flows from operating activities		**43.3**	**26.5**	97.6
Investing activities				
Settlement of deferred and contingent consideration	9	**(1.6)**	**(0.6)**	(1.6)
Proceeds from disposal of property, plant and equipment		**5.2**	**6.1**	7.6
Purchase of property, plant and equipment		**(11.5)**	**(12.5)**	(32.8)
Patent and development costs expenditure		**(1.1)**	**(0.3)**	(1.7)
Net cash flows from investing activities		**(9.0)**	**(7.3)**	(28.5)
Financing activities				
Debt issue costs		**-**	**(0.1)**	-
Drawdown of bank loan		**40.0**	**30.0**	50.0

Drawdown of bank loan	[illegible]	[illegible]	[illegible]
Repayment of bank loan	**(35.0)**	**(41.0)**	(100.9)
Interest paid	**(5.8)**	**(7.0)**	(13.4)
Dividends paid	**(20.6)**	**(20.4)**	(30.5)
Proceeds from exercise of share options	**0.8**	**-**	0.3
Settlement of lease liabilities	**(4.9)**	**(2.8)**	(7.6)
Net cash flows from financing activities	**(25.5)**	**(41.3)**	(102.1)
Net change in cash and cash equivalents	**8.8**	**(22.1)**	(33.0)
Cash and cash equivalents - opening balance	**17.0**	**50.0**	50.0
Cash and cash equivalents - closing balance	**25.8**	**27.9**	17.0

Notes to the Interim Group Financial Statements for the six months ended 30 June 2024

1. Basis of preparation

Genuit Group plc is incorporated in the UK. The condensed set of consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK-adopted IAS 34, Interim Financial Reporting.

The annual financial statements will be prepared under UK-adopted IAS (UK-adopted IFRSs).

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of consolidated financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2023. These statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the full Annual Report and Accounts for the year ended 31 December 2023.

The interim condensed consolidated financial statements do not constitute statutory financial statements as defined in section 435 of the Companies Act 2006. The financial information for the preceding year is based on the statutory financial statements for the year ended 31 December 2023. Those accounts, upon which the auditors issued an unqualified opinion have been delivered to the Registrar of Companies. The report of the auditors 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 a statement under Section 498 (2) or (3) of the Companies Act 2006.

There were no accounting standards or interpretations that have become effective in the current reporting period which had an impact on disclosures, financial position or performance.

The condensed set of consolidated financial statements are prepared on a going concern basis. The Directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled the base forecast in which, over the 18 months ending 31 December 2025, sales volumes grow in line with external construction industry forecasts. The Directors have considered the impact of climate-related matters on the going concern assessment and it is not expected to have a significant impact on the Group's going concern.

At 30 June 2024, the Group had available £225.0m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group's borrowing facilities were renewed on 10 August 2022 and included an increase in the RCF facility to £350.0m available until at least August 2026 (with two further uncommitted annual renewals to August 2028 possible), subject to covenant headroom, and a seven-year private placement loan note of £25.0m repayable August 2029. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 18 months. Accordingly, they continue to adopt the going concern basis in preparing the condensed set of consolidated financial statements.

There have been no significant related party transactions in the period to 30 June 2024.

Four non-statutory measures have been used in preparing the consolidated financial statements:

- Underlying profit and earnings measures exclude certain non-underlying items (which are detailed in Note 4) and, where relevant, the tax effect of these items. The Directors consider that these measures provide a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in the Group's financial performance.
- Underlying operating cash conversion is defined as cash generated from operations, adjusted for non-underlying cash items, after movement in net working capital and capital expenditure net of underlying proceeds from disposals of property, plant and equipment divided by underlying operating profit. This has been adjusted from underlying cash generated from operations to be in line with the Annual Report and Accounts for 31 December 2023.Leverage is defined as net debt divided by pro-forma EBITDA (both are reconciled in Note 12). Net debt within the leverage calculation is defined as loans and borrowings net of unamortised issue costs less cash and cash equivalents, excluding the effects of IFRS 16.
- Pro-forma EBITDA is defined as pre-IFRS 16 underlying operating profit before depreciation, amortisation and share-based payment charges, for the 12 months preceding the balance sheet date, adjusted where relevant, to include a full year of EBITDA from acquisitions made during those 12 months

2. Financial risks, estimates, assumptions and judgements

The preparation of the condensed set of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from estimates.

In preparing the condensed set of consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

3. Segment information

From 1 January 2023, reporting segments have been aligned with the Group's Sustainable Solutions for Growth strategy and reorganised into three segments - Climate Management Solutions (CMS), Water Management Solutions (WMS) and Sustainable Building Solutions (SBS). Adey, Nuaire, Domus, Nu- Heat and Surestop have been reallocated from the Residential Systems segment into CMS, with the remainder of Residential Systems moving into SBS. The Commercial and Infrastructure segment is now reported as WMS without the commercial element of Nuaire which is now reported in CMS. The reporting segments are organised based on the nature of the end markets served. Inter-segment sales are on an arm's length basis in a manner similar to transactions with third parties.

Six months ended 30 June 2024	Climate Management Solutions £m	Water Management Solutions £m	Sustainable Building Solutions £m	Other £m	Total £m
Segmental revenue	78.8	81.2	119.9	4.6	284.5
Inter segment revenue	(0.2)	(3.1)	(8.5)	(0.3)	(12.1)
Revenue*	78.6	78.1	111.4	4.3	272.4
Underlying operating profit**	**11.9**	**7.8**	**23.5**	**0.4**	**43.6**
Non-underlying items - segmental	**(18.4)**	**0.7**	**0.1**	**-**	**(17.6)**
Non-underlying items - Group	**-**	**-**	**-**	**(4.7)**	**(4.7)**
Segmental operating profit / (loss)	**(6.5)**	**8.5**	**23.6**	**(4.3)**	**21.3**
Finance costs					**(6.0)**
Profit before tax					**15.3**

* The other revenue of £4.3m (2023: £4.4m) of revenue relates to assets held for sale which do not form part of the Group's reporting segments.
** Underlying operating profit is stated before non-underlying items as defined in the Group Accounting Policies in the Annual Report and Accounts and is the measure of segmental profit used by the Group's CODM. Details of the non-underlying items of £22.3m (2023: £10.6m) are detailed in Note 4.

Six months ended 30 June 2023	Climate Management Solutions £m	Water Management Solutions £m	Sustainable Building Solutions £m	Other £m	Total £m
Segmental revenue	85.1	90.5	139.1	4.9	319.6
Inter segment revenue	(0.4)	(2.3)	(11.6)	(0.5)	(14.8)
Revenue*	84.7	88.1	127.5	4.4	304.8
Underlying operating profit**	**11.4**	**8.8**	**26.2**	**0.6**	**47.0**
Non-underlying items - segmental	**(7.2)**	**(3.5)**	**0.8**	**-**	**(9.9)**
Non-underlying items - Group	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Segmental operating profit / (loss)	**4.2**	**5.3**	**27.0**	**(0.1)**	**36.4**
Finance costs					**(6.7)**
Profit before tax					**29.7**

Geographical analysis

Revenue by destination	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m
UK	**241.5**	**268.9**
Rest of Europe	**17.0**	**19.3**
Rest of World	**13.9**	**16.6**
Total - Group	**272.4**	**304.8**

4. Non-underlying items

Non-underlying items comprised:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Gross £m	**Tax £m**	**Net £m**	Gross £m	Tax £m	Net £m
Cost of sales:						
Inventory write down	**-**	**-**	**-**	0.5	(0.1)	0.4
Employment matters	**(1.2)**	**0.2**	**(1.0)**	-	-	-
Administration expenses:						
Acquisition costs	**0.4**	**-**	**0.4**	1.5	-	1.5
Product liability claim	**-**	**(0.2)**	**(0.2)**	0.3	(0.1)	0.2
Restructuring costs	**0.2**	**-**	**0.2**	4.0	(1.0)	3.0
SaaS configuration	**0.5**	**(0.1)**	**0.4**	1.0	(0.2)	0.8
Profit on disposal of property						

Profit on disposal of property plant and equipment	**(1.5)**	**-**	**(1.5)**	(4.1)	-	(4.1)
Software supplier dispute	**4.3**	**(1.1)**	**3.2**	-	-	-
Amortisation of intangible assets	**7.2**	**(1.8)**	**5.4**	7.4	(1.7)	5.7
Impairment of Goodwill	**12.4**	**-**	**12.4**	-	-	-
Total non-underlying items	**22.3**	**(3.0)**	**19.3**	10.6	(3.1)	7.5

Restructuring costs incurred in both periods are in relation to the reorganisation of the Group. The Group has finished its review of its operating footprint which resulted in the closure of four sites, this included the sale of two properties in the period ending 30 June 2024 (30 June 2023: 1 property) which accounts for the profit on disposal. In the period ended 30 June 2023 reorganisation costs were in relation to the new operating structure of the segmental units (see Note 3) and costs incurred for consultancy fees for advisory support as part of the initial deployment and design of the Genuit Business system.

At 31 December 2023 a £1.4m provision associated with employment matters, relating to a one off regulatory claim, was recognised in non-underlying. During the period ending 30 June 2024 the matter was resolved and the unutilised provision released.

Software as a Service (Saas) configuration relates to the design and configuration of software projects that are significant and support the Group's medium-term strategy.

A provision has been recognised in respect to a dispute with a supplier in relation to software. The recognised provision reflects the Group's best estimate of the most likely outcome.

In the six months ended 30 June 2023, non-underlying items included £1.5m (2023: £1.8m) of acquisition costs in respect of an accrual, for the element of the earn out accounted for as remuneration, associated with the Plura acquisition, £0.3m of legal costs relating to a product liability claim associated with a historic acquisition and a provision for inventory of £0.5m for items taken off the market that do not sit within the Genuit product strategy.

Amortisation charged in both periods relates to intangible assets arising on business combinations. Impairment of goodwill of £12.4m relates to a 2021 acquisition (see Note 9).

5. Finance costs

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Interest on bank loan	**4.8**	6.0
Debt issue cost amortisation	**0.5**	0.4
Unwind of discount on lease liabilities	**0.7**	0.3
	6.0	6.7

6. Income tax

Tax has been provided on the profit before tax at the estimated effective rate for the full year of 24.5% (2023 full year: 20.5%).

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m
Current income tax:		
UK income tax	**7.3**	4.9
Overseas income tax	**0.2**	0.2
Current income tax	**7.5**	5.1
Adjustment in respect of prior years	**-**	(0.4)
Total current income tax	**7.5**	4.7
Deferred income tax:		
Origination and reversal of timing differences	(0.6)	0.3
Effects of changes in income tax rates	-	0.8
Deferred income tax	(0.6)	1.1
Adjustment in respect of prior years	-	0.6
Total deferred income tax	**(0.6)**	1.7
Total tax expense reported in the income statement	**6.9**	6.4

The Group's tax charge for the six months ended 30 June 2024 of £6.9m (2023: £6.4m) represents an effective tax rate of 45.1% (2023: 21.5%). Tax on underlying profit before tax was 26.3%.

7. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share amounts are calculated by dividing profit for the period attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of potential ordinary shares that would be issued on the conversion of all the dilutive share options into ordinary shares.

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Weighted average number of ordinary shares for the purpose of basic earnings per share	**248,389,452**	248,158,835
Effect of dilutive potential ordinary shares	**1,928,887**	3,458,687
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**250,318,339**	251,617,522

Underlying earnings per share is based on the result for the period after tax excluding the impact of non-underlying items of £19.3m (2023: £7.5m). The Directors consider that this measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in the Group's financial performance. The underlying earnings per share is calculated as follows:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Underlying profit for the period attributable to the owners of the parent company (£m)	**27.7**	30.8
Underlying basic earnings per share (pence)	**11.2**	12.4
Underlying diluted earnings per share (pence)	**11.1**	12.2

8. Dividends

The Directors have proposed an interim dividend for the current year of 4.1 pence per share which equates to £10.2m.

9. Acquisitions

Acquisition-related deferred and contingent consideration comprised:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Deferred and contingent consideration on Plura acquisition	**-**	8.8	8.2

Acquisition-related cash flows comprised:

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Operating cash flows - settlement of acquisition costs			
Plura	**6.5**	-	-
Other	**-**	0.1	-
	6.5	0.1	-

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Investing cash flows - Settlement of deferred and contingent consideration			
Keytec	**-**	0.6	0.6
Plura	**1.6**	-	1.0
	1.6	0.6	1.6

Sky Garden

On 5 August 2024, the Group acquired 100% of the voting rights and shares of Sky Garden Limited for a cash consideration of £2.5m on a cash-free and debt-free basis. The business will join the WMS Business Unit and will extend the Group's blue green roof offering.

The Group is currently obtaining the information necessary to finalise the fair value of the net assets acquired but it is expected to be equal to that of the net book value, with any remaining consideration to be allocated to goodwill in the Landscape and Infrastructure CGU.

Omnie & Timoleon

On 6 August 2024, the Group acquired the trade and assets of the Omnie & Timoleon businesses for a cash consideration of £2.7m. The businesses will join the CMS Business Unit and complement and enhance the Groups underfloor heating offering.

The Group is currently obtaining the information necessary to finalise the fair value of the assets acquired, and to identify any intangible assets on acquisition.

The acquisitions have not impacted the financial effects for the interim period ended 30 June 2024.

The carrying amount of goodwill and other intangible assets is as follows:

	Goodwill £m	**Patents £m**	**Brand names £m**	**Customer relationships £m**	**Licences £m**	**Customer order book £m**	**Development costs £m**	**Total £m**
Cost								
At 1 January 2024	466.1	40.4	66.5	114.3	0.8	0.9	5.0	694.0
Additions	-	0.2	-	-	-	-	0.9	1.1
At 30 June 2024	**466.1**	**40.6**	**66.5**	**114.3**	**0.8**	**0.9**	**5.9**	**695.1**
Amortisation and impairment losses								
At 1 January 2024	12.0	23.1	30.3	29.3	0.5	0.9	1.1	97.2
Charge for the period	12.4	1.7	2.5	3.1	0.1	-	0.7	20.5
At 30 June 2024	**24.4**	**24.8**	**32.8**	**32.4**	**0.6**	**0.9**	**1.8**	**117.7**
Net book value								
At 30 June 2024	**441.7**	**15.8**	**33.7**	**81.9**	**0.2**	**-**	**4.1**	**577.4**
At 31 December 2023	454.1	17.3	36.2	85.0	0.3	-	3.9	596.8

Brand names and customer relationships which arise from business combinations are amortised over their estimated useful lives of five to twenty years. There are two existing brands that have a significant carrying value: Nuaire (£3.0m) and Adey (£22.2m) with an estimated useful life of five and 18 years respectively. Customer relationships that have a significant carrying value are Adey's relationships with key customers (£70.0m) with an estimated useful life of between nine and 18 years and Manthorpe's (£5.6m) with an estimated useful life of ten years.

Impairment testing of goodwill

Goodwill is not amortised but is subject to annual impairment testing (at 31 December) or when circumstances indicate that the carrying value may be impaired. Goodwill has been allocated for impairment testing purposes to a number of cash-generating units (CGUs) which represent the lowest level in the Group at which goodwill is monitored for internal management purposes. The key assumptions used to determine the recoverable amount for the different CGU's were disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

At 30 June 2024, an assessment was made to identify any indicators of impairment of goodwill due to the subdued market and decreases in volume across the construction and building materials industry. Indicators were only identified with respect to the Adey CGU. The Group is satisfied that there is sufficient headroom against the carrying value of the other CGU's and as such that a reasonably possible change in assumption would not lead to any indicators of impairment and no further sensitivity analysis has been performed.

An Impairment test was performed by analysing the carrying amount of the goodwill allocated to the Adey CGU against its value-in-use.

Value-in-use of a CGU is calculated as the net present value of that CGU's discounted future pre-tax cash flows. The pre-tax cash flows are based on forecast cash flow information for a period of one year, construction industry forecasts of growth for the following year, growth of between 3.30% to 7.50% in years 3 to 5 (2023: 3.20% to 6.50%) and long-term growth of 2.4% (2023: 2.4%). A pre-tax discount rate of 13.9% (30 June 2023: 12.9%) was applied in determining the recoverable amounts of CGUs. The pre-tax discount rate was estimated based on the Group's risk adjusted cost of capital.

Due to the ongoing softness in the boiler filter and chemicals market and a delay to recovery in volumes, related to a suppressed RMI market there has been a reduction in the value in use of the Adey CGU. This has resulted in an impairment charge of £12.4m in the year to reflect that the discounted present value of future pre-tax cash flows did not support the full carrying value of the asset. As an impairment loss has been recognised in respect of Adey in the current period, the recoverable amount is equal to its carrying value at the year end and therefore any negative changes in key assumptions would result in the recognition of an additional impairment loss.

Detailed sensitivity analysis indicates that the following changes in each of these key assumptions would result in an additional impairment charge being recognised:

• The pre-tax discount rate increasing to 14.2% from that used in the value-in-use calculations of 13.9%. would give rise to an additional impairment charge of £4.8m

• A reduction in the long-term growth rate to 2.0% from that used in the value-in-use calculations of 2.4% would give rise to an additional impairment charge of £4.4m.

• Average revenue growth rates declining by 0.5% points in years 1 and 2 and 1% in years 3-5 used in the value-in-use calculations would give rise to an additional impairment charge of £7.0m.

• Gross margin efficiencies are not achieved by 2029 and margin declines by 3% points used in the value-in-use calculations would give rise to an additional impairment charge of £15.9m.

10. Assets held-for-sale

The following major class of assets and liabilities that have been classified as held-for-sale at the balance sheet date are as follows:

	30 June 2024	30 June 2023	31 December 2023
	Fair value £m	Fair value £m	Fair value £m
Property, plant and equipment	**2.1**	2.3	5.5
Right-of-use assets	**1.1**	0.1	0.3
Goodwill	**4.5**	3.2	4.5
Trade and other receivables	**3.4**	2.4	2.8
Inventories	**3.9**	3.2	4.0
Assets held-for-sale	**15.0**	11.2	17.1

	30 June 2024	30 June 2023	31 December 2023
	Fair value £m	Fair value £m	Fair value £m
Trade and other payables	**2.9**	2.7	2.6
Finance lease liabilities	**1.1**	0.1	0.2
Liabilities held-for-sale	**4.0**	2.8	2.8

In 2023 the Group announced its plan to exit two operational freehold properties (one within the CMS segment and one within the WMS segment). During the 6 months ended 30 June 2024 both properties sold for total proceeds of £4.8m, exceeding the carrying value of the properties of £3.3m. The gain on disposal has been recognised in non-underlying items (see Note 4).

During 2022 the Group announced its intention to dispose of Polypipe Italia SRL following a strategic review and began marketing the company for sale and presented the net assets as held-for-sale. In 2023 The Group held discussions with several parties who had expressed interest in acquiring the business. However, for various, and individually specific reasons, these discussions did not lead to a transaction but the Group continued to proactively market the company for sale. The Group are still in discussions with parties and remain confident that a sale will be achieved in the next twelve months. The proceeds of disposal are expected to exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of Polypipe Italia SRL as held-for-sale.

11. Provisions

11. Provisions

	Software supplier dispute £m
At 1 January 2024	**-**
Arising during the year	**4.0**
Reclassified from other creditors	**0.9**
At 30 June 2024	**4.9**

A provision has been recognised in respect to a dispute with a software supplier. The recognised provision reflects the Group's best estimate of the most likely outcome.

12. Analysis of net debt

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Cash and cash equivalents	**25.8**	27.9	17.0
Current loans and borrowings			
Lease liabilities	**6.6**	5.8	5.0
Non-current loans and borrowings			
Bank loan - principal	**125.0**	160.0	120.0
- unamortised debt issue costs	**(1.7)**	(2.5)	(2.1)
Private placement loan notes	**25.0**	25.0	25.0
Lease liabilities	**21.3**	18.5	18.4
	169.6	201.0	161.3
Net debt	**150.4**	178.9	149.3
Net debt (excluding lease liabilities)	122.5	154.6	125.9

On 10 August 2022, the Group renewed its banking facilities and entered a Sustainability-Linked Loan revolving credit facility agreement for £350.0m with a £50.0m uncommitted accordion facility expiring
in August 2026 with two further uncommitted annual renewals to August 2028 possible, and a separate agreement for private placement loan notes of £25.0m with an uncommitted £125.0m shelf facility repayable in August 2029.

Interest is payable on the bank loan at SONIA plus an interest margin ranging from 0.90% to 2.75% which is dependent on the Group's ESG targets and the Group's leverage (net debt excluding lease liabilities as a multiple of pro-forma EBITDA) and reduces as the Group's leverage reduces. The interest margin at 30 June 2024 was 1.425% (2023: 1.65%). Pro-forma EBITDA at 30 June 2024 was £112.4m (2023: £121.4m) and is defined as pre-IFRS 16 underlying operating profit before depreciation, amortisation and share-based payment charges, for the 12 months preceding the Balance Sheet date adjusted where relevant to include a full year of EBITDA from acquisitions made during those 12 months.

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Pro-forma EBITDA (12 months preceding the balance sheet)			
Underlying operating profit	**90.7**	98.0	94.1
Depreciation of property, plant and equipment	**20.1**	20.3	19.1
Amortisation of internally generated intangible assets	**1.1**	0.3	0.8
Unwind of discount on lease liabilities	**(1.6)**	(0.8)	(1.2)
Share-based payments charge	**2.1**	3.6	2.1
	112.4	121.4	114.9

At 30 June 2024, the Group had available, subject to covenant headroom, £225.0m (2023: £190.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

13. Other financial assets and liabilities

Fair values of financial assets and financial liabilities

The book value of trade and other receivables, trade and other payables, cash balances, bank loan and other liabilities equates to fair value.

	Carrying value £m	**Fair value £m**
Interest-bearing loans and borrowings due after more than one year	**148.3**	**148.3**
Interest rate swap	**(0.2)**	**(0.2)**
Total at 30 June 2024	**148.1**	**148.1**
Interest-bearing loans and borrowings due after more than one year	182.5	182.5
Deferred and contingent consideration	8.8	8.8
Total at 30 June 2023	191.3	191.3

Interest-bearing loans and borrowings due after more than one year	193.1	193.1
Deferred and contingent consideration	8.0	8.0
Total at 31 December 2023	201.1	201.1

The fair values were determined as follows by reference to:

- Deferred and contingent consideration: Directors' assessment of the likelihood that financial targets will be achieved.
- The fair value of the interest rate swaps was determined by reference to market values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values disclosed above, with the exception of deferred and contingent consideration, which is categorised as Level 3, all relate to items categorised as Level 2. Contingent consideration was determined based upon the agreed purchase price of the remaining 49% of shares on 8 December 2023.

There have been no transfers in any direction between Levels 1, 2 or 3 in the period.

14. Reconciliation of profit before tax to cash generated from operations

	Notes	**Six months ended 30 June 2024 £m**	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Operating activities				
Profit before tax		**15.3**	**29.7**	48.4
Finance costs	5	**6.0**	**6.7**	13.6
Operating profit		**21.3**	**36.4**	62.0
Non-cash items:				
Profit on disposal of property, plant and equipment		**(0.1)**	**(0.2)**	(0.4)
Research and development expenditure credit		**(0.9)**	**(0.8)**	(1.5)
Non-underlying items:				
- amortisation of intangible assets arising on business combinations	4, 9	**7.2**	**7.4**	14.8
- impairment of goodwill arising on business combinations	9	**12.4**	**-**	-
- impairment of intangible assets arising on business combinations	4, 9	**-**	**-**	2.5
- provision for acquisition costs	4	**0.4**	**1.5**	2.2
- provision for restructuring costs	4	**0.2**	**5.5**	14.1
- provision for restructuring costs - accelerated depreciation of property, plant and equipment (non-underlying)	4	**-**	**-**	1.2
- provision for SaaS configuration	4	**0.5**	**-**	1.2
- provision for product liability claim	4	**-**	**0.3**	(1.2)
- provision for software supplier dispute	4	**4.3**		
- provision for employment matters	4	**(1.2)**	**-**	2.0
- gain on sale of property	4	**(1.5)**	**(4.1)**	(4.7)
Depreciation of property, plant and equipment (underlying)		**7.7**	**10.0**	19.1
Depreciation of right-of-use assets		**3.1**	**2.5**	5.6
Amortisation of internally generated intangible assets	9	**0.9**	**0.2**	0.8
Share-based payments		**1.6**	**1.6**	2.1
Cash items:				
- settlement of restructuring costs		**(1.3)**	**(4.5)**	(12.1)
- settlement of acquisition costs	9	**(6.5)**	**-**	(0.4)
- settlement of product liability claim		**(1.0)**	**(1.0)**	(1.7)
Operating cash flows before movement in working capital		**47.1**	**54.8**	105.6
Receivables		**(9.7)**	**(35.0)**	(6.9)
Payables		**6.2**	**3.1**	(9.9)
Inventories		**3.2**	**8.8**	20.9
Cash generated from operations		**46.8**	**31.7**	109.7

15. Events after the reporting period

On 5 August 2024 the Group acquired 100% of the share capital of Sky Garden Limited and on 6 August 2024 acquired the trade and assets of Omnie & Timoleon. Further information has been disclosed in Note 9.

INDEPENDENT REVIEW REPORT TO GENUIT GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Interim Group Income Statement, the Interim Group Statement of Comprehensive Income, the Interim Group Balance Sheet, the Interim Group Statement of Changes in Equity, the Interim Group Cashflow Statement and the related Notes to the Interim Group Financial Statements Notes 1 to 14. 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 condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. 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.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 management have inappropriately adopted the going concern basis of accounting or that management 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 this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Leeds

12 August 2024

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