RNS Number : 5036D
Lords Group Trading PLC
10 September 2024

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

10 September 2024

Lords Group Trading plc

('Lords', the 'Company' or the 'Group')

Interim Results

Lords (AIM:LORD), a leading distributor of building materials in the UK, today announces its unaudited Interim Results for the six months ended 30 June 2024 ('H1 2024' or the 'Period').

H1 2024 Highlights

- Group revenue of £214.2 million (H1 2023: £222.6 million)
- Group like-for-like[1] revenue decreased by 6.1% due to the challenging economic backdrop and previously announced market disruption within Plumbing and Heating relating to the Clean Heat Market Mechanism ('CHMM') deferral
- Gross margin broadly in line with prior period and ahead of FY23 reflecting focus on customer service excellence
- Decisive management actions taken on overhead costs expected to deliver annualised savings of £2.6 million in FY 2025
- FY 2023 acquisitions successfully integrated and rebranded
- Adjusted EBITDA[2] 16.6% lower at £12.6 million (H1 2023: £15.1 million)
- Plumbing and Heating division ('P&H') continuing to benefit from the UK's commitment to sustainable living, with sales of Air Source Heat Pumps up 492%
- Interim dividend of 0.32 pence per share, scaled in line with earnings per share (H1 2023: 0.67 pence per share)
- Well positioned to deliver operational gearing from a recovery in the market

	Note	**H1 2024**	H1 2023	Change
Revenue		**£214.2m**	£222.6m	(3.8)%
Gross margin		**20.2%**	20.4%	(20) bps
Adjusted EBITDA	17	**£12.6m**	£15.1m	(16.6)%
Adjusted EBITDA margin		**5.9%**	6.8%	(90) bps
Adjusted operating profit	17	**£7.1m**	£10.2m	(30.7)%
Adjusted diluted earnings per share	10	**1.57p**	3.30p	(52.4)%
Dividend per share		**0.32p**	0.67p	(52.2)%
Operating profit		**£4.5m**	£8.1m	(44.4)%
Diluted earnings per share		**0.39p**	2.28p	(82.9)%

Shanker Patel, Chief Executive Officer of Lords, commented:

"Trading conditions have remained challenging throughout the first half of 2024 with like-for-like (LFL) revenue 6.1% lower. The introduction and subsequent deferral of the Clean Heat Market Mechanism (CHMM) disrupted the Plumbing and Heating market and we experienced a 15% LFL revenue reduction in the first quarter, but a stronger second quarter resulted in a resilient first half with divisional revenue 3.2% down overall.

"In this challenging market, management has remained focused on optimising capital allocation and operating efficiency, with actions taken on costs expected to deliver annualised overhead savings of £2.6 million in FY2025. The Group's

with actions taken on costs expected to deliver annualised overhead savings of £2.0 million in FY2025. The Group's resilience and strategy of maintaining gross margin is testament to our outstanding colleagues and our focus on excellent customer service.

"The Board welcomes the new government's support for the sector and the recent interest rate reduction which is widely expected to lead to improved conditions for the UK construction market. The Group's focus on operational efficiency and working capital management will ensure that we are well positioned for any market recovery. In the medium term, the Group is well placed in a highly fragmented and essential repair, maintenance and improvement ('RMI') market, to grow the Group's market share organically and through selective, valued-added acquisitions which will become more attractive as the market returns. We are encouraged by the growth in Renewable product sales and believe this could be an additional near-term growth lever.

"Whilst the outlook for the Construction sector is beginning to improve, the Board is not expecting any change to trading conditions in the second half of 2024 and, recognising the important Autumn season ahead, particularly in Plumbing and Heating, expect that Adjusted EBITDA, will be in line with management expectations."

FOR FURTHER ENQUIRIES:

Lords Group Trading plc Shanker Patel, Chief Executive Officer Stuart Kilpatrick, Chief Financial Officer	**Via Burson Buchanan** Tel: +44 (0) 20 7466 5000
Cavendish Capital Markets Limited (Nominated Adviser and Joint Broker) Ben Jeynes / Dan Hodkinson (Corporate Finance) Julian Morse / Henry Nicol / Charlie Combe (Sales and ECM)	Tel: +44 (0)20 7220 0500
Berenberg (Joint Broker) Matthew Armitt / Richard Bootle / Detlir Elezi	Tel: +44 (0)20 3207 7800
Burson Buchanan Henry Harrison-Topham / Stephanie Whitmore / Abby Gilchrist	Tel: +44 (0) 20 7466 5000 LGT@buchanan.uk.com

Percentages are based on underlying, not rounded, figures.

[1] *Like-for-like sales is a measure of growth in sales, adjusted for new, divested and acquired locations such that the periods over which the sales are being compared are consistent.*

[2] *Adjusted EBITDA is EBITDA (defined as earnings before interest, tax, depreciation, amortisation and impairment charges) but also excluding exceptional items, and share-based payments.*

Notes to editors:

Lords is a specialist distributor of building, plumbing, heating and DIY goods. The Group principally sells to local tradesmen, small to medium sized plumbing and heating merchants, construction companies and retails directly to the general public.

The Group operates through the following two divisions:

Merchanting: supplies building materials and DIY goods through its network of merchant businesses and online platform capabilities. It operates both in the 'light side' (building materials and timber) and 'heavy side' (civils and landscaping), through 31 locations in the UK.

Plumbing and Heating: a specialist distributor in the UK of plumbing and heating products to a UK network of independent merchants, installers and the general public. The division offers its customers an attractive proposition through a multi-channel offering. The division operates over 17 locations enabling nationwide next day delivery service.

Lords was established over 35 years ago as a family business with its first retail unit in Gerrards Cross, Buckinghamshire. Since then, the Group has grown to a business operating from 48 sites.

Chief Executive Officer's Review

On behalf of the Board, I am pleased to report our Interim Results for the six months ended 30 June 2024.

Overview

Revenue in the first half of 2024 was 3.8% lower at £214.2 million (H1 2023: £222.6 million). Like-for-like ('LFL') revenue, which adjusts for branches that were not part of the Group in the whole of the comparator period, was 6.1% lower than the first half of 2023.

Gross margins were in line with the first half of 2023 at 20.2% (H1 2023: 20.4%) but showed an increase on FY 2023 (20.0%) and FY 2022 (19.7%).

Adjusted EBITDA of £12.6 million (H1 2023: £15.1 million) reflected the reduction in LFL revenue and the impact of the Clean Heat Market Mechanism ('CHMM') on our Plumbing and Heating division, particularly in the first quarter, traditionally one of its busiest.

Merchanting

Merchanting revenue was 4.4% lower in the H1 2024 at £104.6 million (H1 2023: £109.4 million). The Group acquired Chiltern Timber and Alloway Timber during FY 2023 and after adjusting for their contribution, LFL revenue was 9.3% lower. Whilst our businesses are primarily focused on the more resilient RMI sector, brands such as AW Lumb, Hevey and MAP have exposure to the new build sector which has impacted performance in H1 2024.

Our focus on customer service excellence is demonstrated by a small improvement in gross margin despite the challenging competitive market.

The division renegotiated the terms of its Park Royal branch lease in the first half of 2024 due to the landlord's intention to redevelop the property at the expiry of the lease in 2026. In doing so, it exchanged certainty of vacant possession for improved terms and flexibility. This resulted in a gain of £1.7 million in the period with nil rental going forward, allowing the business flexibility to relocate during a three and half year period following the agreement.

Alloway Timber, acquired in September 2023 as a business requiring turnaround, has now been fully integrated into the Group and rebranded as Lords Builders Merchants ('LBM'). Four of its five sites in the South-East of England have been fully refurbished, management has been strengthened and greater emphasis placed on business development. Although we are confident that the steps we have taken will result in the business contributing positively to profit in 2025, as previously advised, the business has required more attention than we anticipated, especially in these difficult trading conditions. Similarly, Chiltern Timber, which we acquired in April 2023, has also been successfully integrated into LBM and is trading well in relation to the market with sales growth of 3.2% in H1 2024.

Costs to serve the business were slightly lower on a LFL basis, as inflation increases were offset by efficiencies and Adjusted EBITDA was 10.2% lower at £7.6 million (H1 2023: £8.4 million).

Plumbing and Heating

The introduction of the CHMM resulted in price increases from 1 January 2024, which were passed onto customers. In advance of this, customers stocked up and our Plumbing and Heating division experienced increased demand in the final quarter in 2023. This reversed in the first quarter of 2024 and in traditionally one of the division's stronger quarters, LFL revenue was down on prior period comparative by 15.1%.

During March 2024, the government deferred the introduction of the CHMM, and increased administration time was incurred as the manufacturer's price increases had to be returned. Having seen the destocking hit sales in the first quarter, the second quarter resumed to more normal trading resulting in a first half LFL fall of only 3.2% at £109.6 million (H1 2023: £113.2 million).

Gross margin decreased from 14.5% to 13.2% in the period as the market disruption and manufacturer promotions impacted the mix of boilers sold and associated heating products.

Overheads were reduced by £0.3 million compared to the first half of 2023 and Adjusted EBITDA fell by £1.6 million to £5.0 million (H1 2023: £6.6 million) in the period.

Mr Central Heating, our digitally led P&H trade counter business, continued to develop recent branch openings in Edinburgh and West Bromwich, with both expected to contribute in line with normal timeframes in the second half of 2024. With a strong digital proposition and a broad product range, further selective branch openings will drive organic growth as the market improves.

Our P&H range recently broadened after signing an exclusive distribution agreement, with the World's largest boiler manufacturer, Navien, providing 24-hour availability to over 2,500 independent plumbers merchants. In addition, we are commencing distribution of the Viessmann Climate Solutions' portfolio of gas boilers, Heat Pumps and commercial heating solutions. In continuation of our strategy of product group diversification, P&H are starting to distribute Termotechnik radiators, who make up approximately 30% of the UK radiator market.

Renewables

The Group supports the initiatives aimed at the decarbonisation of housing stock and is well placed to serve this market through its branch network in both divisions. In H1 2024, air source heat pump (ASHP) revenue increased by 492% and related renewable products, including controls, under floor heating and air conditioning grew strongly. The Group recently agreed an exclusive distribution agreement with South Korean manufacturer, Clivet, to distribute its ASHPs. We continue to look for organic and acquisitive opportunities within the product category where our product knowledge and related system design can differentiate.

Operational efficiencies

I am proud of my 900 colleagues, who have strived to maintain our excellence in customer service throughout this challenging period and worked hard to delivery operational efficiencies that will optimise our financial performance once the underlying market conditions improve. Our teams achieved improvements in working capital whilst maintaining high levels of service and reduced administration costs by c. 2% on a LFL basis, which will benefit operational gearing in advance of a market recovery.

Strategic development

In addition to the organic opportunities to develop our existing brands into new geographies, expand their product range and enhance their digital and direct routes to market, there is a significant consolidation opportunity to combine independent merchants and distributors within the fragmented UK building supplies sector where Lords Group Trading has less than 1% market share. Our selective approach to acquisitions and focus on delivering value to shareholders combined with tight control of costs and working capital gives the Board confidence that the Group will benefit from an improvement in market conditions.

Environmental, social and governance (ESG)

The Group's environmental footprint continues to be a priority for our management teams. We have increased accountability in the divisions and across local and regional brands, agreeing reduction plans and incentivised targets. Emissions data for 2022 and 2023 has now been collated in line with the Task Force on Climate-related Financial Disclosures ('TCFD') and progress in 2024 includes solar panel installations, hydrotreated vegetable oil fuel trials and electric forklifts as replacements are required. Our updated environmental policy was published on our website early in 2024.

As previously reported, Chris Day stepped down from the Board on 17 May 2024 to take up a new opportunity and we thank him for his service. On 4 June 2024, Stuart Kilpatrick joined the Board as Chief Financial Officer.

Outlook

The Board welcomes the new government's support for the sector and the recent interest rate reduction which is widely expected to lead to improved conditions for the UK construction market. The Group's focus on operational efficiency and working capital management will ensure that we are well positioned for any market recovery. In the medium term, the Group is well placed in a highly fragmented and essential repair, maintenance and improvement ('RMI') market, to grow the Group's market share organically and through selective, valued-added acquisitions which will become more attractive as the market returns. We are encouraged by the growth in Renewable product sales and believe this could be an additional near-term growth lever.

Whilst the outlook for the Construction sector is beginning to improve, the Board is not expecting any change to trading conditions in the second half of 2024 and, recognising the important Autumn season ahead, particularly in Plumbing and Heating, expect that Adjusted EBITDA, will be in line with management expectations.

Shanker Patel
Chief Executive Officer
10 September 2024

Financial Review

Our financial objectives during these challenging market conditions have been to maintain our focus on customer service, maintain or improve gross margins, maximise our efficiency in delivering our services and to manage working capital and cash.

Revenue

H1 2024 revenue was 3.8% lower at £214.2 million (H1 2023: £222.6 million), as businesses acquired in FY 2023 contributed 2.3% to revenue in H1 2024.

In Plumbing and Heating ('P&H'), H1 2024 revenue was 3.2% lower than H1 2023 due to the impact as described above by the uncertainty surrounding the CHMM, with a stronger second quarter mitigating performance. Merchanting, which also had a stronger second quarter, was 4.4% behind H1 2023 but after adjusting for businesses acquired in FY 2023, LFL revenue was 9.3% lower.

Operating performance

Gross margins overall held up well at 20.2% (H1 2023: 20.4%) with improvement in Merchanting offset by a reduction in P&H as the CHMM led to changes in product mix within boilers and in ancillary products.

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) was 16.6% lower at £12.6 million (H1 2023: £15.1 million) due to the effect of high levels of operational gearing within the business. Costs to serve the business continue to be tightly managed and after excluding the impact of businesses acquired during 2023, administrative expenses on a LFL basis were c. 2% lower. Full time equivalent employees totalled 890 at 30 June 2024, 7% lower than at 30 September 2023.

	Merchanting		Plumbing and Heating		Group	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Revenue (£m)	104.6	109.4	109.6	113.2	214.2	222.6
Adjusted EBITDA (£m)	7.6	8.4	5.0	6.6	12.6	15.1
Adjusted EBITDA margin (%)	7.3%	7.7%	4.5%	5.8%	5.9%	6.8%

Whilst revenue in P&H was resilient, the market disruption referred to above, impacted gross margin and although overheads were tightly managed, Adjusted EBITDA margin declined from 5.8% to 4.5% in the period. During 2024, following the redesignation of the local area by the local authorities, an agreement was negotiated with the landlord at the Park Royal branch in the Merchanting division, to remove future uncertainty of tenure at that site. The negotiation resulted in a lease surrender premium of £1.7 million included within other income in the period, which arises from a commercial negotiation to balance the benefit of securing the site in the short term whilst compensating for anticipated disruption and potential loss of trade as the business looks for a potential alternative location in the next three and a half years.

Amortisation increased by 15.6% to £6.1 million (H1 2023: £5.3 million) due to the five sites acquired with Alloway Timber adding to amortisation on right of use assets. Depreciation was similar to the prior period at £1.2 million (H1 2023: £1.3 million). Adjusted operating profit was £7.1 million (H1 2023: £10.2 million) and statutory operating profit was £4.5 million (H1 2023: £8.1 million).

Exceptional costs in the period were £0.5 million (H1 2023: £0.2 million) comprising £0.3 million of redundancy, system and wider integration costs of businesses previously acquired and £0.2 million relating to deferred consideration. In the first half of 2023, exceptional items of £0.2 million related to the cost of business combinations (£0.3 million), partly offset by a profit on disposal of business of £0.1 million.

Net finance costs

Net finance costs were £3.4 million (H1 2023: £2.5 million), with £0.3 million of the increase due to the higher interest rates in 2024, which were on average 100bps higher than in 2023. Additionally, the average level of borrowings was higher in the first half of 2024. The interest expense associated with the Group's leases was also £0.2 million higher at £1.3 million (H1 2023: £1.1 million) due to the additional Alloway Timber branches.

Profit before tax and earnings per share

Adjusted profit before tax, which excludes exceptional items, share-based payments, acquisition related charges, including amortisation of intangible assets and impairment, was £3.7 million (H1 2023: £7.7 million). Statutory profit before tax for the period was £1.1 million (H1 2023: £5.6 million).

Adjusted diluted earnings per share was 1.57 pence (H1 2023: 3.30 pence). Basic diluted earnings per share was 0.39 pence (H1 2023: 2.28 pence).

Dividend

The Board has carefully considered the interests of all of its stakeholders and based on first half financial performance, has scaled the interim dividend in line with the change in adjusted earnings per share. Whilst the Board considers this a prudent approach, its dividend policy through the cycle will continue to be progressive as the market recovers. The interim dividend of 0.32 pence per ordinary share (H1 2023: 0.67p) will be paid on 11 October 2024 to shareholders on the register at the close of business on 20 September 2024. The Company's ordinary shares will therefore be marked ex-dividend on 19 September 2024.

Cash flow

The Group typically experiences a seasonal outflow in working capital in the first half of the year which reverses in the second half. Whilst the Group made good progress in reducing stock and debtor days, in the first half of 2024, a drop in payables, which were higher in December 2023 due to the market reaction to the CHMM in Plumbing and Heating, resulted in a net outflow of £6.7 million (H1 2023: outflow of £16.2 million). Boiler supply issues in the first half of 2023 exacerbated the seasonal outflow in the first half of 2023. Cash generated by operations was £5.4 million (H1 2023: outflow of £1.4 million). Investing activities included deferred consideration of £0.5 million (H1 2023: £3.5 million) related to two acquisitions and financing activities included £1.1 million (H1 2023: £1.1 million) to buy out non-controlling interests.

Capital expenditure of £2.6 million (H1 2023: £4.4 million) in the period included £0.9 million (H1 2023: £2.2 million) in scheduled payments for the George Lines branch near Heathrow. Other significant capex included £0.5 million to refurbish the Alloway branches acquired in 2023, and the rollout of a new ERP system within the Plumbing and Heating division.

After financing and investing activities, net debt (defined as borrowings less cash and cash equivalents, and before recognising lease liabilities) increased by £7.8 million (H1 2023; £18.6 million) since the end of the year to £36.3 million (H1 2023: £38.0 million).

Debt financing and liquidity

The Group has banking facilities with a syndicate of HSBC, NatWest and BNP Paribas. The facilities comprise a £70.0 million revolving credit facility ('RCF') and a £25.0 million receivables financing facility. Entered into in April 2023, the RCF includes a £20.0 million accordion option and both facilities run for an initial three years, with two one-year extension options. The accordion and extension options are subject to lender approval.

In May 2024, the Group exercised its extension option under the banking facilities agreement such that the RCF has now been extended from its initial three-year term by 12 months to expire on 5 April 2027.

The Group had substantial headroom of £47.5 million (H1 2023: £49.6 million) within its debt facilities at the period end, and a further £11.9 million of accessible cash (H1 2023: £7.4 million).

Working capital

Inventories decreased by £7.9 million compared to 30 June 2023 and by £2.0 million since year end. The reduction reflects the continued focus on inventory optimisation, but also industry wide boiler supply issues described earlier at 30 June 2023. The 30 June 2024 balance equated to 46 days of stock (30 June 2023: 53 days).

Current trade and other payables at £79.6 million were £3.4 million higher than 30 June 2023 (£76.2 million), representing trade creditor days of 49 (30 June 2023: 45 days). Current trade and other receivables of £69.2 million remained broadly in line with the prior year balance of £69.0 million, resulting in trade debtor days of 38 relative to 37 at 30 June 2023.

Non-current assets

Intangible assets of £44.8 million were £1.4 million lower than at 31 December 2023 (£46.2 million). Software additions of £0.5 million in relation to an ERP upgrade in the Plumbing and Heating division, were offset by the amortisation charge of £1.8 million (H1 2023: £1.7 million).

Leases that are recorded on the balance sheet as right of use assets, with a corresponding lease liability, relate to properties, cars and distribution vehicles. The right-of-use asset in the balance sheet at 30 June 2024 was £42.5 million (31 December 2023: £47.4 million). The reduction comprises amortisation for the period of £4.3 million, and a £2.2 million reduction as a result of the lease surrender agreement at the Park Royal site within the Merchanting division.

Non-current liabilities

Trade and other payables relate to deferred consideration liabilities. The liability has reduced since the year end by £1.7 million reflecting the scheduled payments on the acquisition of the non-controlling interest of Hevey Building Supplies and in relation to the acquisition of AW Lumb (£0.5 million).

Stuart Kilpatrick
Chief Financial Officer

10 September 2024

Consolidated statement of comprehensive income
For the six months ended 30 June 2024

	Note	**30 June 2024 (unaudited) £'000**	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Revenue		**214,150**	222,552	462,601
Cost of sales		**(170,929)**	(177,153)	(370,238)
Gross profit		**43,221**	45,399	92,363
Other operating income		**2,069**	349	766
Distribution expenses		**(2,231)**	(2,174)	(5,057)
Administrative expenses		**(30,494)**	(28,517)	(61,252)
Adjusted EBITDA	17	**12,565**	15,057	26,820
Depreciation		**(1,195)**	(1,294)	(2,610)
Amortisation of right-of-use-assets		**(4,283)**	(3,538)	(7,699)
Adjusted Operating Profit	17	**7,087**	10,225	16,511
Share based payments		**(301)**	(211)	(513)
Exceptional items	7	**(484)**	(165)	(2,849)
Amortisation of acquired intangibles		**(1,814)**	(1,736)	(3,515)
Impairment charge		**-**	-	(501)
Operating profit		**4,488**	8,113	9,133

Finance income		**142**	99	196
Finance expense	8	**(3,523)**	(2,623)	(6,356)
Profit before taxation		**1,107**	5,589	2,973
Taxation	9	**(355)**	(1,699)	(1,273)
Profit for the period		**752**	3,890	1,700
Other comprehensive income		**-**	-	--
Total comprehensive income		**752**	3,890	1,700
Total comprehensive income for the period attributable to:				
Owners of the parent company		**651**	3,839	1,382
Non-controlling interests		**101**	51	318
		752	3,890	1,700
Earnings per share				
Basic earnings per share (pence)	10	**0.39**	2.35	0.84
Diluted earnings per share (pence)	10	**0.39**	2.28	0.82

The results for the period arise solely from continuing activities.

The condensed financial statements should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2024

	Note	**30 June 2024 (unaudited) £'000**	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Non-current assets				
Intangible assets	11	**44,845**	44,600	46,205
Property, plant and equipment	12	**20,479**	20,707	20,233
Right-of-use assets	13	**42,510**	42,301	47,364
Other receivables		**192**	337	200
Investments		**180**	30	180
		108,206	107,975	114,182
Current assets				
Inventories		**47,323**	55,184	49,292
Trade and other receivables		**69,195**	69,029	81,171
Cash and cash equivalents		**11,881**	7,409	19,811
		128,399	131,622	150,274
Total assets		**236,605**	239,597	264,456
Current liabilities				
Trade and other payables		**(79,649)**	(76,205)	(98,915)
Borrowings	14	**(9,851)**	(6,334)	(9,507)
Lease liabilities	15	**(7,663)**	(9,289)	(7,815)
Current tax liabilities		**(568)**	(2,032)	(7)
Total current liabilities		**(97,731)**	(93,860)	(116,244)
Non-current liabilities				
Trade and other payables		**(2,638)**	(6,847)	(5,917)
Borrowings	14	**(37,686)**	(39,080)	(38,239)
Lease liabilities	15	**(40,010)**	(37,273)	(43,953)
Other provisions		**(1,427)**	(1,353)	(1,565)
Deferred tax		**(7,019)**	(7,085)	(7,373)
Total non-current liabilities		**(88,780)**	(91,638)	(97,047)
Total liabilities		**(186,511)**	(185,498)	(213,291)
Net assets		**50,094**	54,099	51,165
Equity				
Share capital		**829**	828	828
Share premium		**28,412**	28,293	28,293
Merger reserve		**(9,980)**	(9,980)	(9,980)
Share-based payment reserve		**1,127**	707	1,009
Retained earnings		**27,976**	32,889	29,386

Retained earnings	**27,976**	32,889	29,386
Equity attributable to owners of the parent company	**48,364**	52,737	49,536
Non-controlling interests	**1,730**	1,362	1,629
Total equity	**50,094**	54,099	51,165

Consolidated statement of changes in equity

For the six months ended 30 June 2024

	Called up share capital	**Share premium**	**Merger reserve**	**Share based payments reserve**	**Retained earnings**	**Equity to owne**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	
As at 1 January 2024	828	28,293	(9,980)	1,009	29,386	
Profit for the financial period and total comprehensive income	-	-	-	-	651	
Share-based payments	-	-	-	303	-	
Exercise of share-based-payments	-	-	-	(185)	185	
Share capital issued	1	119	-	-	-	
Put and call options over non-controlling interests	-	-	-	-	(44)	
Dividends paid	-	-	-	-	(2,202)	
As at 30 June 2024 (unaudited)	829	28,412	(9,980)	1,127	27,976	

	Called up share capital	**Share premium**	**Merger reserve**	**Share-based payments reserve**	**Retained earnings**	**Equity att owne**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	
As at 1 January 2023	813	28,293	(9,980)	497	31,237	
Profit for the financial period and total comprehensive income	-	-	-	-	3,839	
Share-based payments	-	-	-	212	-	
Share capital issued	15	-	-	-	-	
Put and call options over non-controlling interests	-	-	-	-	15	
Deferred tax on options				(2)	-	
Capital reorganisation	-	-	-	-	-	
Dividends paid	-	-	-	-	(2,202)	
As at 30 June 2023 (unaudited)	828	28,293	(9,980)	707	32,889	

	Called up share capital	**Share premium**	**Merger reserve**	**Share based payments reserve**	**Retained earnings**	**Equity to owne**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	
As at 1 January 2023	813	28,293	(9,980)	497	31,237	

As at 1 January 2023	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Profit for the financial period and total comprehensive income	-	-	-	-	1,382
Share-based payments	-	-	-	512	-
Share capital issued	15	-	-	-	-
Put and call options over non-controlling interests	-	-	-	-	78
Corporation tax on options	-	-	-	-	515
Deferred tax on options	-	-	-	-	(515)
Capital repayment	-	-	-	-	-
Dividends paid	-	-	-	-	(3,311)
As at 31 December 2023 (audited)	828	28,293	(9,980)	1,009	29,386

Consolidated statement of cash flows

For the six months ended 30 June 2024

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Cash flows from operating activities			
Profit before taxation	**1,107**	5,589	2,973
Adjusted for:			
Depreciation of property, plant and equipment	**1,195**	1,294	2,610
Amortisation of intangibles	**1,814**	1,736	3,515
Amortisation of right-of-use assets	**4,283**	3,538	7,699
Impairments of property plant and equipment	**-**	-	77
Impairments of right-of-use assets	**-**	-	424
Profit on disposal of property, plant and equipment	**-**	(27)	(368)
Profit on sale of business	**-**	(103)	(119)
Write off of investment	**-**	55	56
Share-based payment expense	**301**	211	513
Finance income	**(142)**	(99)	(196)
Finance expense	**3,523**	2,623	6,356
Operating cash flows before movements in working capital	**12,081**	14,817	23,540
Decrease / (increase) in inventories	**1,969**	(1,601)	5,199
Decrease / (increase) in trade and other receivables	**11,984**	2,108	(8,067)
(Decrease) / increase in trade and other payables	**(20,611)**	(16,749)	2,112
Cash generated by operations	**5,423**	(1,425)	22,784
Corporation tax received / (paid)	**127**	(1,435)	(3,124)
Net cash inflow/ (outflow) from operating activities	**5,550**	(2,860)	19,660
Cash flows from investing activities			
Purchase of intangible assets	**(454)**	(128)	(734)
Business acquisitions (net of cash acquired)	**-**	(696)	(5,150)
Deferred consideration paid	**(550)**	(3,467)	(3,116)
Purchase of property, plant and equipment	**(2,184)**	(4,301)	(4,905)
Purchase of investments	**-**	-	(150)
Proceeds on disposal of property, plant and equipment	**58**	264	4,160
Cash received on sale of business	**-**	340	340
Interest received	**142**	99	196
Net cash outflow from investing activities	**(2,988)**	(7,889)	(9,359)
Cash flows from financing activities			
Principal paid on lease liabilities	**(3,753)**	(2,702)	(6,912)
Interest paid on lease liabilities	**(1,325)**	(1,073)	(2,340)
Issue of share capital	**-**	15	15
Dividends	**(2,202)**	(2,202)	(3,311)
Purchase of non-controlling interest of Hevey	**(1,063)**	(1,063)	(2,126)
Capital repayment to non-controlling interests	**-**	(17)	(17)
Proceeds from borrowings	**20,891**	9,980	109,116
Repayment of borrowings	**(21,100)**	-	(97,853)
Bank interest paid	**(1,548)**	(1,395)	(2,917)
Interest paid on invoice discounting facilities	**(392)**	(45)	(805)

Interest paid on invoice discounting facilities	(392)	[illegible]	[illegible]
Net cash (outflow) / inflow from financing activities	**(10,492)**	1,498	(7,150)
Net (decrease) / increase in cash and cash equivalents	**(7,930)**	(9,251)	3,151
Cash and cash equivalents at the beginning of the period	**19,811**	16,660	16,660
Cash and cash equivalents at the end of the period	**11,881**	7,409	19,811

Notes to the financial statements
For the six months ended 30 June 2024

1. General information

Lords Group Trading PLC is a public limited company incorporated in England and Wales. The registered office is 2nd Floor 12-15 Hanger Green, London W5 3EL. Lords is a specialist distributor of building, plumbing, heating and DIY goods. The Group principally sells to local tradesmen, small to medium sized plumbing and heating merchants, construction companies and retails directly to the general public.

2 Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards. These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2023 (the "Annual Financial Statements") which was prepared in accordance with UK-adopted International Accounting Standards.

The Annual Financial Statements constitute statutory accounts as defined in section 434 of the Companies Act 2006 and a copy of these statutory accounts has been delivered to the Registrar of Companies. The auditor's report on the Annual Financial Statements was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The accounting policies adopted in the preparation of the interim financial statements are consistent with those used to prepare the Group's consolidated financial statements for the year ended 31 December 2023 and the corresponding interim reporting period.
These interim financial statements have been prepared on a going concern basis, under the historical cost convention.

These interim financial statements are presented in Pound sterling (£), which is also the functional currency of the Company. These interim financial statements have been approved by the Board of Directors.

3.Accounting policies

Going concern

The Group is well funded with strong support from stakeholders. The Group operates strong cash flow management and forecasting enabling cash receipts and payments to be balanced in accordance with trading levels. The Board of Directors has completed a rigorous review of the Group's going concern assessment and its cash flow liquidity which included:

- The Group's cash flow forecasts and revenue projections for all subsidiaries;
- Reasonably possible changes in trading performance, including a number of downside scenarios;
- Reviewing the committed facilities available to the Group and the covenants thereon; and,
- Reviewing the Group's policy towards liquidity and cash flow management.

The Group has banking facilities of £95.0 million available to it until 5 April 2027 and on 30 June 2024 had headroom against the facilities of £47.5 million and cash of £11.9 million.

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the interim financial statements that there is a reasonable expectation that the Group and subsidiaries have adequate resources to continue in operational existence until at least 5 April 2027.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial information in compliance with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the financial information are reasonable.

Key accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the condensed interim financial statements, the Board considers both quantitative and qualitative factors in forming its judgements, and related disclosures, and are mindful of the need to best serve the interests of its stakeholders and to avoid unnecessary clutter borne of the disclosure of immaterial items. In making this assessment the Board considers the nature of each item, as well as its size, in assessing whether any disclosure omissions or misstatements could influence the decisions of users of the condensed interim financial statements.

4.1 Key accounting judgements

Recognition of legal and regulatory provisions

A key area of judgement applied in the preparation of these financial statements is determining whether a present obligation exists and where one does, in estimating the probability, timing and amount of any outflows. In determining whether a provision needs to be made and whether it can be reliably estimated, the Group consults relevant professional experts and reassess the Group's judgements on an ongoing basis as facts change. In the early stages of legal and regulatory matters, it is often not possible to reliably estimate the outcome and in these cases the Group does not provide for their outcome but instead include further disclosures outlining the matters within its contingent liabilities note. See note 18 for contingent liabilities.

Assessment of who has the risk and reward of ownership of non-controlling interests with put and call options

A key area of judgement applied in the preparation of these financial statements is determining whether the risk and rewards of ownership reside with the non-controlling interests or the Group when an acquisition has put and call options.
Where the pricing is at a variable price, the Group assesses the risks and rewards reside with the non-controlling interests. This is because the exposure to any increase or decrease in the value of the business resides with the non-controlling interest, as they will either retain the investment indefinitely (if neither party exercises) or they can recover the fair value of the business through the exercise price.
Where the exercise price is a fixed amount (or an amount that varies only for the passage of time), then the risks and rewards reside with the Group. This is because once the put and call become exercisable, one party will be incentivised to exit because they benefit from doing so.

4.2 Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of intangible and tangible assets

Annual amortisation and depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on cash generating unit performance, technological advances, future investments, economic utilisation and the physical condition of the assets.

Fair value of goodwill and intangible assets

The fair value of customer relationship assets and trade names separately acquired through business combinations involved the use of valuation techniques and the estimation of future cash flows to be generated over several years. The estimation of the future cash flows requires a combination of assumptions including assumptions for customer attrition rate, sales growth, EBIT and discount rates. The relief from royalty rate is the value that would be obtained by licencing trade names out to a third party, as a percentage of sales.

Inventories

The Group carries significant levels of inventory and key judgments are made by management in estimating the level of provisioning required for slow moving inventory. Provision estimates are forward looking and are formed using a combination of factors including historical experience, management's knowledge of the industry, group discounting and sales pricing. Management use a number of internally generated reports to monitor and continually re-assess the adequacy and accuracy of the inventory provision.

5. Segmental analysis

The Group operates through the following two divisions:

- Merchanting: supplies building materials and DIY goods through its network of merchant businesses and online platform capabilities. It operates both in the 'light side' (building materials and timber) and 'heavy side' (civils and landscaping), through 31 locations in the UK.

- Plumbing and Heating: a specialist distributor in the UK of heating and plumbing products to a UK network of independent merchants, installers and the general public. The division offers its customers an attractive proposition through a multi-channel offering. The division operates over fifteen locations enabling nationwide next day delivery service.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the Operating segments, has been identified as the Board of directors of the Group. The Group will provide information to the CODM on the basis of products and services; being the sale and distribution of plumbing and heating goods, and the sale and distribution of all other merchanting services.

All of the Group's revenue was generated from the sale of goods in the UK for both periods. No one customer makes up 10% or more of revenue in any period.

Six months to 30 June 2024	**Plumbing and Heating £'000**	**Merchanting £'000**	**Total £'000**
Revenue	109,596	104,554	214,150
Gross profit	14,492	28,729	43,221
Adjusted EBITDA	4,981	7,584	12,565
Depreciation	(272)	(923)	(1,195)
Amortisation of right-of-use-assets	(1,328)	(2,955)	(4,283)
Adjusted Operating Profit	3,381	3,706	7,087
Share-based payments	(110)	(191)	(301)
Exceptional items	(64)	(420)	(484)
Amortisation of acquired intangibles	(634)	(1,180)	(1,814)
Operating profit	2,573	1,915	4,488
Finance income			142

Finance costs			(3,523)
Profit before taxation			1,107
Taxation			(355)
Profit for the period			752
Additions to non-current assets	1,452	2,102	3,554

Six months to June 2023	**Plumbing and Heating £'000**	**Merchanting £'000**	**Total £'000**
Revenue	113,167	109,385	222,552
Gross profit	16,367	29,032	45,399
Adjusted EBITDA	6,609	8,448	15,057
Depreciation	(216)	(1,078)	(1,294)
Amortisation of right-of-use-assets	(1,324)	(2,214)	(3,538)
Adjusted Operating Profit	5,069	5,156	10,225
Share based payments	(73)	(138)	(211)
Exceptional items	(89)	(76)	(165)
Amortisation of acquired intangibles	(589)	(1,147)	(1,736)
Operating profit	4,318	3,795	8,113
Finance income			99
Finance costs			(2,623)
Profit before taxation			5,589
Taxation			(1,699)
Profit for the period			3,890
Additions to non-current assets	3,462	12,126	15,588

Year to 31 December 2023	**Plumbing and Heating £'000**	**Merchanting £'000**	**Total £'000**
Revenue	247,667	214,934	462,601
Gross profit	33,234	59,129	92,363
Adjusted EBITDA	12,860	13,960	26,820
Depreciation	(485)	(2,125)	(2,610)
Amortisation of right-of-use-assets	(2,632)	(5,067)	(7,699)
Adjusted Operating Profit	9,743	6,768	16,511
Share based payments	(156)	(357)	(513)
Exceptional items	(838)	(2,011)	(2,849)
Amortisation of acquired intangibles			
Exceptional items	(1,183)	(2,332)	(3,515)
Impairment charge	-	(501)	(501)
Operating profit	7,566	1,567	9,133
Finance income			196
Finance costs			(6,356)
Profit before taxation			2,973
Taxation			(1,273)
Profit for the period			1,700
Additions to non-current assets	5,281	28,670	33,951

6. Share based payments

Share based payments relate to the fair value, at the date of the grant, of share-based payments to the directors and employees which are expensed in the profit and loss on a straight-line basis over the vesting period, with the corresponding credit going to the share-based payment reserve.

7. Exceptional items

Exceptional items are presented separately as one-off costs that are unlikely to reoccur or costs outside normal business trading.

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Group simplification and restructuring costs	**305**	-	594
Stock provisioning/ theft	**-**	-	1,382
Profit on disposal of Lords at Home Ltd	**-**	(103)	(119)
Costs of business combinations	**27**	179	936
Retention employment costs on acquisitions	**152**	89	219
National insurance recovery	**-**	-	(13)
Reduction in contingent consideration	**-**	-	(150)
	484	165	2,849

The Group continued its reorganisation activities following the hive up of its subsidiaries in 2023. These activities include redundancy and other costs of integrating the businesses. The activities in 2024 included the hive up of AW Lumb Northern and AW Lumb Midlands into parent entity AW Lumb & Co. The cost of such exercises amounted to £305,000.

The costs associated with the business combinations including costs associated with other potential acquisitions which will not occur or had not occurred before the balance sheet date amount to £27,000. Where the Group includes retention payments on its acquisitions for key staff, the cost of these retentions is expensed over the period that it relates to. The costs in the period were £152,000.

8. Finance expense

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Bank loans and overdrafts	**1,719**	1,395	2,917
Invoice discounting facilities	**392**	45	805
Unwinding of deferred consideration and call and put options	**54**	84	236
Interest on dilapidation provision	**33**	26	58
Lease liabilities	**1,325**	1,073	2,340
	3,523	2,623	6,356

9. Taxation

Tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual rate for the year ended 31 December 2024 is 32.0% (2023: 30.4%).

10. Earnings per share

	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023 (audited)
Basic earnings per share			
Earnings from continuing activities (pence)	**0.39**	2.35	0.84
Diluted earnings per share			
Earnings from continuing activities (pence)	**0.39**	2.28	0.82
Weighted average shares for basic earnings per share	**165,641,697**	163,446,193	164,340,814
Number of dilutive share options	**472,046**	4,636,633	3,750,887

Weighted average number of shares for diluted earnings per share	**166,113,742**	168,082,826	168,091,701
Earnings attributable to the equity holders of the parent (£'000)	**651**	3,839	1,382

The Group has also presented adjusted earnings per share. Adjusted earnings per share have been calculated using earnings attributable to shareholders of the parent company, Lords Group Trading PLC, adjusted for the after-tax effect of exceptional items (see note 7), share based payments, amortisation of intangible assets and impairments as the numerator.

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Earnings attributable to the equity holders of the parent	**651**	3,839	1,382
Add back / (deduct):			
Exceptional items	**484**	165	2,849
Share-based payments	**301**	211	513
Amortisation of intangible assets	**1,814**	1,736	3,515
Impairments	**-**	-	501
Less tax impact of adjustments	**(650)**	(402)	(1,617)
Adjusted earnings	**2,600**	5,549	7,143
Adjusted basic earnings per share			
Earnings from continuing activities (pence)	**1.57**	3.39	4.35
Adjusted diluted earnings per share			
Earnings from continuing activities (pence)	**1.57**	3.30	4.25

11. Intangible assets

	Software £'000	**Customer relationships £'000**	**Trade names £'000**	**Goodwill £'000**	**Total £'000**
Six months ended 30 June 2024 (unaudited)					
Opening net book value	1,604	23,550	2,617	18,434	46,205
Additions	454	-	-	-	454
Amortisation charge	(160)	(1,481)	(173)	-	(1,814)
Closing net book value	**1,898**	**22,069**	**2,444**	**18,434**	**44,845**
At 30 June 2024					
Cost	2,897	34,722	3,741	18,434	59,794
Accumulated amortisation and impairment	(999)	(12,653)	(1,297)	-	(14,949)
Net book value	1,898	22,069	2,444	18,434	44,845
Six months ended 30 June 2023 (unaudited)					
Opening net book value	**1,112**	**25,316**	**2,607**	**16,296**	**45,331**
Additions	**128**	**-**	**-**	**-**	**128**
Acquired through business combinations	**-**	**-**	**350**	**527**	**877**
Amortisation charge	**(102)**	**(1,466)**	**(168)**	**-**	**(1,736)**
Closing net book value	**1,138**	**23,850**	**2,789**	**16,823**	**44,600**
At 30 June 2023					
Cost	**1,837**	**33,555**	**3,741**	**16,823**	**55,956**
Accumulated amortisation and impairment	**(699)**	**(9,705)**	**(952)**	**-**	**(11,356)**
Net book value	1,138	23,850	2,789	16,823	44,600
Year ended 31 December 2023 (audited)					
Opening net book value	1,112	25,316	2,607	16,296	45,331
Additions	734	-	-	-	734
Acquired through business combinations	-	1,167	350	2,138	3,655
Amortisation charge	(242)	(2,933)	(340)	-	(3,515)
Closing net book value	1,604	23,550	2,617	18,434	46,205
At 31 December 2023					
Cost	2,443	34,722	3,741	18,434	59,340
Accumulated amortisation and impairment	(839)	(11,172)	(1,124)	-	(13,135)
Net book value	1,604	23,550	2,617	18,434	46,205

12. Property, plant and equipment

	Land and buildings £'000	Land and building leasehold improvements £'000	Plant and Machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Office equipment £'000	Total £'000
Six months ended 30 June 2024 (unaudited)							
Opening net book value	12,975	3,064	1,212	646	1,583	753	20,233
Additions	-	724	515	45	173	42	1,499
Disposals	-	-	-	(55)	-	(3)	(58)
Depreciation charge	(125)	(421)	(207)	(38)	(245)	(159)	(1,195)
Closing net book value	12,850	3,367	1,520	598	1,511	633	20,479
At 30 June 2024							
Cost	13,539	8,195	3,476	904	4,510	1,742	32,366
Accumulated depreciation and impairment	(689)	(4,828)	(1,956)	(306)	(2,999)	(1,109)	(11,887)
Net book value	12,850	3,367	1,520	598	1,511	633	20,479
Six months ended 30 June 2023 (unaudited)							
Opening net book value	6,962	2,542	1,451	832	1,275	585	13,647
Additions	6,280	657	484	244	383	313	8,361
Disposals	(229)	-	-	(8)	-	-	(237)
Acquired through business combinations	153	-	38	39	-	-	230
Depreciation charge	(145)	(305)	(302)	(160)	(223)	(159)	(1,294)
Closing net book value	13,021	2,894	1,671	947	1,435	739	20,707
At 30 June 2023							
Cost	13,487	6,909	3,095	1,472	3,845	1,571	30,379
Accumulated depreciation and impairment	(466)	(4,015)	(1,424)	(525)	(2,410)	(832)	(9,672)
Net book value	13,021	2,894	1,671	947	1,435	739	20,707
Year ended 31 December 2023 (audited)							
Opening net book value	6,962	2,542	1,451	832	1,275	585	13,647
Additions	6,494	1,077	211	85	735	373	8,975
Disposals	(3,838)	-	(12)	(34)	-	-	(3,884)
Acquired through business combinations	3,600	142	190	38	140	72	4,182
Impairment	-	(7)	(14)	-	(43)	(13)	(77)
Depreciation charge	(243)	(690)	(614)	(275)	(524)	(264)	(2,610)
Closing net book value	12,975	3,064	1,212	646	1,583	753	20,233
At 31 December 2023							
Cost	13,539	7,471	2,962	1,286	4,337	1,703	31,298
Accumulated depreciation and impairment	(564)	(4,407)	(1,750)	(640)	(2,754)	(950)	(11,065)
Net book value	12,975	3,064	1,212	646	1,583	753	20,233

13. Right-of-use-assets

	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Six months ended 30 June 2024 (unaudited)				
Opening net book value	**39,252**	**1,743**	**6,369**	**47,364**
Additions	**360**	**-**	**1,241**	**1,601**
Lease modifications	**(2,172)**	**-**	**-**	**(2,172)**
Amortisation charge	**(2,405)**	**(396)**	**(1,482)**	**(4,283)**
Closing net book value	**35,035**	**1,347**	**6,128**	**42,510**

Closing net book value	**35,035**	**1,347**	**6,128**	**42,510**
At 30 June 2024				
Cost	**53,575**	**3,930**	**10,715**	**68,220**
Accumulated amortisation and impairment	**(18,540)**	**(2,583)**	**(4,587)**	**(25,710)**
Net book value	**35,035**	**1,347**	**6,128**	**42,510**
Six months ended 30 June 2023 (unaudited)				
Opening net book value	34,015	2,381	2,572	38,968
Additions	1,630	156	3,466	5,252
Acquired through business combinations	970	-	-	970
Lease modifications	1,307	-	-	1,307
Disposals	(653)	-	(5)	(658)
Amortisation charge	(2,311)	(363)	(864)	(3,538)
Closing net book value	34,958	2,174	5,169	42,301
At 30 June 2024				
Cost	52,215	6,151	12,365	70,731
Accumulated amortisation and impairment	(17,257)	(3,977)	(7,196)	(28,430)
Net book value	34,958	2,174	5,169	42,301
Year ended 31 December 2023 (audited)				
Opening net book value	34,015	2,381	2,572	38,968
Additions	5,044	330	5,031	10,405
Acquired through business combinations	5,519	113	378	6,010
Lease modifications	818	(262)	372	928
Disposals	(819)	-	(5)	(824)
Impairment	(424)	-	-	(424)
Amortisation charge	(4,901)	(819)	(1,979)	(7,699)
Closing net book value	39,252	1,743	6,369	47,364
At 31 December 2023				
Cost	57,726	4,881	9,861	72,468
Accumulated amortisation and impairment	(18,474)	(3,138)	(3,492)	(25,104)
Net book value	39,252	1,743	6,369	47,364

14. Borrowings

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Current			
Other loans	**9,851**	6,334	9,507
Total current borrowings	**9,851**	6,334	9,507
Non-current			
Bank loans	**37,686**	39,080	38,239
Total non-current borrowings	**37,686**	39,080	38,239
Total borrowings	**47,537**	45,414	47,746

Loans under invoice financing are included within other loans.

The Group has available banking facilities totalling £95 million, consisting of:

- An invoice financing facility of £25 million attracting an interest rate of UK base rate + 1.4%.
- A revolving credit facility of £70 million attracting an interest rate of SONIA + margin with fixed tiers between 2.00% and 2.80% based on leverage.

In May 2024 the Group exercised its extension option under the banking facilities agreement. The facilities were extended from the initial three year term by twelve months such that the revolving credit facility will now expire on 5 April 2027.

15. Lease liabilities

	Leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
At 1 January 2024	44,166	1,544	6,058	51,768
Additions	360	-	1,329	1,689
Lease modifications	(2,031)	-	-	(2,031)
Interest expenses	1,084	35	206	1,325
Lease payments (including interest)	(3,238)	(434)	(1,406)	(5,078)
At 30 June 2024 (unaudited)	40,341	1,145	6,187	47,673
At 1 January 2023	37,699	1,945	2,876	42,520
Additions	1,562	156	3,466	5,184
Acquired through business combinations	970	-	-	970
Disposals	(736)	-	(5)	(741)
Lease modifications	1,331	-	-	1,331
Interest expenses	891	44	138	1,073
Lease payments (including interest)	(2,604)	(426)	(745)	(3,775)
At 30 June 2023 (unaudited)	39,113	1,719	5,730	46,562
At 1 January 2023	37,699	1,945	2,876	42,520
Additions	4,894	329	5,029	10,252
Acquired through business combinations	5,402	113	378	5,893
Disposals	(901)	-	(5)	(906)
Lease modifications	838	45	38	921
Interest expenses	1,933	90	317	2,340
Lease payments (including interest)	(5,699)	(978)	(2,575)	(9,252)
At 31 December 2023 (audited)	44,166	1,544	6,058	51,768

Reconciliation of current and non-current lease liabilities

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Current	**7,663**	9,289	7,815
Non-current	**40,010**	37,273	43,953
Total	**47,673**	46,562	51,768

16. Dividends

A final dividend for the year ended 31 December 2023 of £2,202,485 was paid to shareholders on 28 June 2024. An interim dividend for 2024 of 0.32 pence per share will be paid on 11 October 2024 to shareholders on the register at the close of business on 20 September 2024.

17. Alternative Performance Measures

Income Statement

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Operating Profit	**4,488**	8,113	9,133

Operating Profit	**4,488**	8,113	9,133
Depreciation	**1,195**	1,294	2,610
Amortisation	**6,097**	5,274	11,214
Impairment charge	**-**	-	501
EBITDA	**11,780**	14,681	23,458
Exceptional items	**484**	165	2,849
Share- based payments	**301**	211	513
Adjusted EBITDA	**12,565**	15,057	26,820

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Operating Profit	**4,488**	8,113	9,133
Amortisation of intangible assets	**1,814**	1,736	3,515
Impairment charge	**-**	-	501
Exceptional items	**484**	165	2,849
Share- based payments	**301**	211	513
Adjusted operating profit	**7,087**	10,225	16,511

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Profit before tax	**1,107**	5,589	2,973
Exceptional items	**484**	165	2,849
Share- based payments	**301**	211	513
Impairment charge	**-**	-	501
Amortisation of intangible assets	**1,814**	1,736	3,515
Adjusted profit before tax	**3,706**	7,701	10,351

Balance Sheet

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Short-term borrowings	**(9,851)**	(6,334)	(9,507)
Long- term borrowings	**(37,686)**	(39,080)	(38,239)
Cash and cash equivalents	**11,881**	7,409	19,811
Less capitalised debt costs	**(664)**	-	(580)
Net debt	**(36,320)**	(38,005)	(28,515)

- ENDS -