RNS Number : 7069F
CMO Group PLC
26 September 2024

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# CMO Group PLC

## Interim Results for the period ended 30 June 2024

***Resilient performance driven by best-in-class model and market share growth***

CMO Group PLC ("CMO" or the "Group"), the UK's largest online-only retailer of building materials, today announces its interim results for the half year to 30 June 2024.

While H1 has been tough and the market remains uncertain, there are material signs of recovery, and we have seen positive trends and momentum build since the half year end. Notably, we are seeing a steady increase in Average Order Value (AOV) with a 3.5% increase from Q1 to Q2 and a further increase of 6% from Q2 to date.

### Financial performance

- CMO delivered a resilient performance against a difficult market backdrop in H1 2024 which has been well-publicised. In H1 2024 GfK reported YoY declines of 6% and 16.2% in the Builders Merchant and Tiles market, respectively, with the online segment of the Tiles market particularly challenging with a drop of 17.8% YoY.
- As a result, for H1 2024, total revenue was £30.3m (H1 2023: £36.9m) and gross profit £6.4m (H1 2023: £8.0m).
- Operational costs reduced £1m year-on-year following planned management action.
- EBITDA[1] was £38k (H1 2023: £613k).
- The Group continues to have a sound financial position. The Group's net debt position is £2.2m (H1 2023: net cash £1m). Cash at the end of H1 2024 stood at £2.5m (H1 2023: £4.7m), with available facilities of £3.0m.

### Market share gain and continued progress on strategy

- 2.7 percentage points growth in market share[2] of the online Builders Merchant segment between Q2 2023 and Q2 2024.
- Continued delivery of the Group's mission to bring the widest range of products to market through the launch of LANDSCAPING SUPERSTORE providing 200% more product choice to CMO customers.
- Launch of SUPER REWARDS customer loyalty program with purchase frequency up 204% compared to the standard customer profile.
- Marketable database has increased 17% vs. H1 2023, in line with targets, and will help us capitalise on continued growth in driving customer retention.
- CMO has successfully migrated its server infrastructure to AWS, ensuring best-in-class resilience, scalability, and the capability to integrate new technologies in the future.

[1] Adjusted EBITDA is defined earnings before interest, tax, depreciation and amortisation, foreign exchange, share option expense, and other costs as defined by management. [2] Source: GfK.

## Current Trading & Outlook

| Like-for-like sales | Q1 | Q2 | H1 | July & August | September Orders (to date) |
|---|---|---|---|---|---|
| Building | (16.2) % | (10.0) % | (13.0) % | (7.6)% | 7.4% |
| Plumbing | (19.5) % | (3.3) % | (12.4) % | (0.3)% | (10.6)% |
| Tiles | (41.9) % | (30.1) % | (36.3) % | (23.5)% | (29.8)% |
| Total | (21.3) % | (12.8) % | (17.0) % | (9.1)% | 0.4% |

*Note: Like-for-like sales numbers provided are for sales, with the exception of September, which are order intake figures*

There are material signs of recovery. We are encouraged by improvements in key market indicators: the first interest rate cut in several years, rising consumer confidence, and the highest mortgage approval rates in three years. These early signs suggest that people are beginning to reinvest in their properties.

Trading in Q3 has seen a continuation of the trend seen earlier in the year with sales stabilising. Notably, we are seeing a steady increase in Average Order Value (AOV), particularly in September as we enter the peak trading season. We continue to maintain the improvements made in gross margin.

The operational efficiencies and margin improvements we have achieved provide strong leverage for future growth. We continue to maintain a strong focus on cash with net debt expected to be £3.2m at year end.

Combined with the continued expansion of our websites and product range, the management team are confident that CMO is well-positioned for growth as the market continues to recover.

***Dean Murray, Chief Executive of CMO Group PLC, commented:***

*"The market remains challenging, especially in the Tiles category, but I am proud of the CMO team's commitment to our strategic initiatives. We have successfully improved margins and implemented operational efficiencies, which position us well for future growth. Our unique business model has allowed us to increase our share in the online merchant market, and the launch of our SUPER REWARDS loyalty program will help us capitalise on our growing customer database.*

*There are encouraging early signs of market improvement, and Q3 trading has shown positive trends. While conditions will remain challenging, I am confident that the steps we have taken mean that CMO is prepared and primed for growth as the market recovery gains momentum."*

## Enquiries


| | |
|---|---|
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## About CMO Group PLC

Founded in 2008 as Construction Materials Online, CMO is the UK's largest online-only retailer of building materials. The Company is disrupting a £29 billion predominantly offline market with a digital first proposition and market leading product choice, supported by high quality customer service and technical expertise.

CMO has created category authority by offering market-leading ranges listing over 140,000 products through its many specialist SUPERSTORE websites which recently underwent exciting new rebranding.

It's unique digital hybrid service model, developed over more than 10 years, combines specialist advice and expertise tailored to category and customer needs online, to service the next generation of digital natives by bridging the gap between traditional bricks and mortar retailers and pureplay digital retailing. CMO has established trusted partnerships with manufacturers and supply partners across the UK. Its business model is asset light with most products drop shipped directly from the manufacturers to its customers. CMO's aim is to become the destination of choice for anyone building or improving homes in the UK, providing the widest range, backed by specialist expertise, and helpful customer solutions.

## Forward looking statements

This announcement has been prepared by CMO Group PLC. To the extent it includes forward-looking statements, these statements are based on current plans, estimates, targets and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Neither CMO Group PLC, nor any of its officers, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. CMO Group PLC does not undertake any obligation, other than in accordance with our legal and regulatory obligations, to update or revise any forward-looking or other statement, whether as a result of new information, future developments or otherwise.

## Business review

***Market backdrop***

**H1 2024 showed little improvement in the market backdrop, with the headwinds of 2023 continuing.** Total construction output declined by 2%, with new works dropping by 8%[1]. Comparatively brick deliveries also fell by 9%[2]. On the other hand, Repair & Maintenance (R&M) grew by 9%[1], but this growth was largely due to wage inflation and contractor supply issues, not increased demand. The Builders Merchant market as a reflection of retail dropped by 6%[3].

**Category Performance:**

- **Tiles**[3]: After a 29% decline in 2023, the tiles category saw a further 17.8% drop in H1 2024. Both online and offline segments experienced similar difficulties. Additionally, this year witnessed several significant exits from the market.

- **Plumbing & Heating**[3]: This category saw a modest decline of 2%.

**Despite these challenges, the Group is pleased to report that it has maintained its market share in the Builders Merchant sector.** The second half of the year is showing more positive trends. Moreover, the Builders Merchant market has been supported mainly by the Heavy Side, which is an area the Group hasn't fully exploited to date. This offers a major growth opportunity for the Group as part of its strategic plans.

**Online Segment Growth**[3]: The company has increased its share of the online market, growing by 2.7 percentage points between Q2 2023 and Q2 2024. Furthermore, CMO continues to excel in customer service, with all verticals maintaining 'Excellent' Trustpilot ratings, surpassing industry averages.

**Macroeconomic Improvements**: Since the end of H1, the first interest rate cut has taken place, and mortgage approvals have risen to their highest level since September 2022. UK house prices returned to growth in September with a rise of approaching 1%. These are important signs of a potential market recovery. Consumer confidence has also improved throughout the period and is now approaching long-term averages. Build cost inflation is trending down[4].

**Market Outlook**: While these positive changes will take time to fully impact the market, there is growing confidence in a medium-term housing recovery. CMO is closely watching the Labour government's efforts to remove barriers to construction and will adapt to seize opportunities as they arise.

[1] Source: Office for National Statistics. [2] Source: Department for Business and Trade. [3] Source: GfK. [4] Source: GfK. Decline in ASP in Heavy Building Materials and Timber building materials during 2024.

### *H1 Results Summary*

The H1 result has been impacted by well-publicised difficulties in the construction sector. As a result, the group experienced £6.5m reduction in sales in H1.

The impact of this decline has been largely mitigated by our focus on maintaining margins and achieving cost savings of c. £1m through operational efficiencies. As a result, EBITDA in H1 was £0.6m lower versus H1 2023 and attributable to the Tiles business, with EBITDA for the Building and Plumbing business maintained versus H1 2023.

The Group continues to have a sound financial position. Cash at the end of H1 2024 stood at £2.5m (H1 2023: £4.7m), with net debt of £2.2m and available facilities of £3.0m. The movement in net debt includes the estimated (£1.5m) in accelerated trade related creditor payments due to industry wide removal of trade credit insurance and the final payments of deferred consideration of £0.5m.

**Operational initiatives**

Our core Building and Plumbing categories have fared well and traded resiliently. We have continued to build on our strategic pillars, growing margin overall by a +0.5% and driving further improvements in carriage recovery by 36%, on top of the gains made in 2023.

Stock availability and our long-standing partnerships with our suppliers have also supported a reduction in pre-delivery cancellations by 29%, by providing our customers with helpful solutions.

We have now seen AOV growth on a monthly basis throughout H1 2024 following declines in H2 2023 and are now ahead of our prior year comparatives. We have stepped up our technical product training across the business which is driving enhanced basket sizes both through our quoted sales and our ecommerce experience.

The launch of LANDSCAPING SUPERSTORE has followed similar and encouraging growth to maturity patterns to that of our other organic store releases and seen consecutive months of revenue growth since the beginning of this year.

The Tiles market remains challenging with our LFL sales reduced 31% compared to H1 2023. However, we are seeing signs of recovery with deficit to the prior year being closed monthly, along with an increased demand for Tile Samples as we head into H2 2024. We are continuing to implement new initiatives in our sample process to enhance customer experience and add further enquiries for our team to support.

## Strategic progress

### *A Fit-for-Purpose Model*

CMO has a clear strategic vision: to become the destination of choice for anyone building or improving homes in the UK. This vision will be realized through CMO's unique mission-giving customers the confidence to build and improve their homes by offering the widest range of products, backed by specialist expertise and powered by helpful customer-focused solutions.

CMO's model is unique in the market. It offers a digital hybrid that disrupts a traditionally offline industry with a digital-first approach. The product offering, primarily based on a dropship model, provides operational, financial and environmental advantages, including low capital expenditure, a negative working capital cycle, and ultimately higher margins than traditional RMI companies.

### *Key Strategic Initiatives*

This year, CMO has made notable progress in delivering on its strategic initiatives to further enhance the model and mission:

- **Maturing of LANDSCAPING SUPERSTORE:**
  The organic launch of this new category supports CMO's mission to provide the widest range of products. This store significantly expands the Group's offerings in landscaping, with customer choice growing by approximately 200% from CMOs previous offering, to over 6000 SKUs. Sales have grown monthly, exceeding expectations in this important category.

- **Introduction of SUPER REWARDS Loyalty Program:**
  Launched in mid-June 2024, the program aims to increase purchase frequency and average order value (AOV) while boosting brand engagement. Although still in its early stages, SUPER REWARDS has already generated 1% of Group revenue in its first three months. Encouragingly, orders are doubling month-on-month, with AOVs of engaged customers rising by around 170% compared to the base case. Purchase frequency is also up by about 200%. The Group is optimistic about the future impact of the program.

- **Technology Upgrades-Migration to AWS:**
  As part of an ambitious technology initiative aligned with the strategic roadmap, CMO has successfully migrated its server infrastructure to AWS. This upgrade ensures best-in-class resilience, scalability, and the capability to integrate new technologies in the future.

**Financial Review**

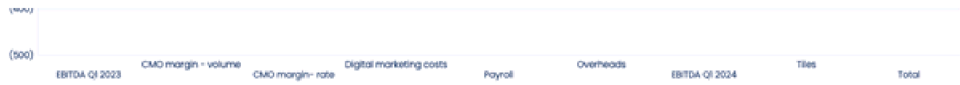
Total revenue for the six months ended 30 June 2024 was £30.3m (2022: £36.9m). This volume reduction was mainly as a result of reduced market demand and particularly the initiation of larger projects. We continue to focus on factors within our control such as maintaining margin, improving carriage recovery and overhead cost efficiencies. Ensuring only acceptable margins has meant we have avoided competing in some product areas which along with an ongoing contraction of credit insurance on account customers has also been a challenge to sales growth.

To understand performance, it is necessary to separately analyse the Tiles business, which continues to be significantly affected by the subdued market conditions. The UK tile market has dropped in value terms an estimated 16.2% year-on-year and an estimated 17.8% online YTD (source: GFK). Total Tiles has performed in line with this market decline and is the primary driver of the overall Group result. Performance in the SUPERSTORES, which represented 90% of total sales, has been more resilient and only accounted for 9% of the decline in EBITDA excluding Group costs while Tiles, at 10% of total sales, accounted for 91%.

As illustrated in the EBITDA bridge below, while margin has been adversely affected by volume, EBITDA performance within Building and Plumbing was maintained for the 6 months to June 2024 driven by a 0.5% gross product margin improvement with both product and carriage margin showing positive movement through the half. This margin rate improvement has been enhanced by savings achieved across all cost categories reflecting the reduced activity levels. Sales volume related margin reduced £0.8m compared to H1 2024. Margin improvements driven by better pricing and purchase costs recovered £0.2m of this and variable marketing spend a further £0.1m. Overhead cost reduction contributed a further £0.45m resulting in EBITDA for Building and Plumbing trading in line with H1 2023.


While the same volume impacts were seen at Tiles driving an adverse £0.8m in sales volume related margin, the margin rate was also adversely impacted by £0.2m in an intensely competitive market. Cost reduction initiatives, again across a range of activities recovered £0.45m of this variance but were insufficient to offset the reduction in volumes resulting in a net adverse impact of £0.59m on Group EBITDA which in total reduced by £0.56m.

Performance for the Group showed a marked improvement in Q2 2024 when compared to Q1 2024. The EBITDA bridges below show the majority of the positive impact on EBITDA from the performance improvement across the group impacted in Q2 2024. Sales improved 14% in Building and Plumbing and 5% in Tiles in Q2 2024 compared to Q1. These sales volume improvements have resulted in an increase in gross margin in CMO of £0.3m, marginally offset by rate reductions and the cost of the volume related marketing spend (total £0.1m) to achieve the higher sales. This gross margin improvement together with the cumulative benefit of cost reductions which have delivered a benefit of £0.3m in the second quarter has meant EBITDA in Building and Plumbing recovered significantly in the second quarter to £0.3m. Tiles performance remained in line with Q1. Costs have reduced by approximately £1m for H1 2024 compared to H1 2023. The improvement in trading performance and continuing benefits of cost reductions implemented are expected to deliver a continuing benefit through the rest of the 2024 financial year and future periods.




**EBITDA bridge Q2 2024 vs. Q1 2024**


Operating loss for the period to June 2024 was £1.3m (2023: £0.5m). Exceptional costs for the period were £0.3m (2023: £0.1m) principally relating to redundancy costs and acquisition integration. Amortisation and depreciation costs reflect acquisitions, platform investment and right-of-use asset costs increases and are in line with the charge for the period to June 2023.

The detailed profit and loss account is set out below:

**Consolidated Income Statement for the Period Ended 30 June 2024**

| | **Period ended 30-Jun-24 £000** | **Period ended 30-Jun-23 £000** | **Year ended 31-Dec-23 £000** |
|---|---|---|---|
| | Unaudited | Unaudited | Audited |
| Revenue | 30,327 | 36,878 | 71,504 |
| Cost of sales | (23,916) | (28,828) | (56,584) |
| GROSS PROFIT | 6,411 | 8,050 | 14,920 |
| Administrative expenses | (7,639) | (8,551) | (16,606) |
| OPERATING (LOSS) / PROFIT | (1,228) | (501) | (1,686) |
| Finance income | 0 | 1 | 0 |
| Finance costs | (384) | (263) | (642) |
| NET FINANCE COST | (384) | (262) | (642) |
| (LOSS) /PROFIT BEFORE TAX | (1,612) | (763) | (2,328) |
| Income tax expense | 361 | 136 | 493 |
| (LOSS) / PROFIT FOR THE PERIOD | (1,251) | (627) | (1,835) |
| Other comprehensive income | - | - | - |
| TOTAL COMPREHENSIVE INCOME | (1,251) | (627) | (1,835) |
| Basic earnings per share | -1.74 | -0.87 | -2.55 |
| Diluted earnings per share | -1.74 | -0.87 | -2.55 |
| Adjusted Basic earnings per share | -1.32 | -0.69 | -1.56 |
| Adjusted diluted earnings per share | -1.32 | -0.69 | -1.56 |

**Consolidated statement of financial position**

**As at 30 June 2024**

| | 6 months ended 30-Jun-24 Unaudited | 6 months ended 30-Jun-23 Unaudited | Year ended 31-Dec-23 Audited |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Assets** | | | |
| **Current assets** | | | |
| Inventories | 4,851 | 5,385 | 5,063 |
| Trade and other receivables | 2,431 | 2,659 | 1,951 |
| Cash and cash equivalents | 2,482 | 4,669 | 4,681 |
| **Total Current Assets** | **9,764** | **12,713** | **11,695** |
| **Non-current assets** | | | |
| Property plant and equipment | 1,134 | 1,444 | 1,416 |
| Right of use assets | 1,109 | 1,182 | 1,109 |
| Goodwill | 20,445 | 20,481 | 20,445 |
| Other Intangible assets | 2,976 | 2,857 | 3,086 |
| Deferred tax assets | 1,176 | 460 | 817 |
| **Total Non-current assets** | **26,840** | **26,424** | **26,873** |
| **Total Assets** | **36,604** | **39,137** | **38,568** |
| **Liabilities** | | | |
| Current liabilities | | | |
| Trade and other payables | (15,567) | (16,540) | (15,781) |
| Loans and borrowings | (3) | (1) | (2) |
| Liease liabilities | (435) | (585) | (499) |
| Current tax liabilities | 0 | (56) | 0 |
| **Total current liabilities** | **(16,005)** | **(17,182)** | **(16,282)** |
| **Non-current liabilities** | | | |
| Loans and borrowings | (4,750) | (3,688) | (5,250) |
| Lease liabilities | (699) | (621) | (636) |
| **Total non-current liabilities** | **(5,449)** | **(4,309)** | **(5,886)** |
| **Total liabilities** | **(21,454)** | **(21,490)** | **(22,168)** |
| **Net assets / (liabilities)** | **15,150** | **17,646** | **16,401** |

## Consolidated statement of cash flows

| | 6 months ending 30-Jun-24 Unaudited | 6 months ending 30-Jun-23 Unaudited | Year ended 31-Dec-23 Audited |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cash flow from operating activities** | | | |
| Loss for the period | (1,251) | (628) | (1,835) |
| SBP credit | 0 | 0 | 109 |
| Finance costs | 384 | 263 | 642 |
| Corporation tax | (361) | (136) | (493) |
| Operating profit / loss | (1,228) | (501) | (1,577) |
| Depreciation | 336 | 409 | 644 |
| Amortisation | 643 | 573 | 1,229 |
| Decrease in inventories | 211 | 69 | 391 |
| (Increase)/Decrease in trade and other receivables | (480) | 73 | 781 |
| (Increase)/Decrease in trade and other payables | (17) | 988 | 873 |
| **Net cash flow from operating activities** | **(535)** | **1,611** | **2,340** |
| **Cash flow from investing activities** | | | |
| Payments to acquire intangible fixed assets | (554) | (472) | (1,366) |
| Payments to acquire tangible fixed assets | (21) | (43) | (50) |

| | | | |
|---|---|---|---|
| Cash outflow on business combinations | 0 | (1,000) | (1,697) |
| **Net cash flow from investing activities** | **(575)** | **(1,515)** | **(3,114)** |
| | | | |
| **Cash flow from financing activities** | | | |
| Proceeds from other borrowing draw downs | (500) | (1,100) | 462 |
| Repayment of lease liabilities | (283) | (274) | (576) |
| Interest paid on lease liability | (46) | (23) | (96) |
| Interest paid | (262) | (239) | (546) |
| | | | |
| **Net cash flow from financing activities** | **(1,091)** | **(1,636)** | **(756)** |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | (2,199) | (1,540) | (1,529) |
| | | | |
| **Cash and cash equivalents beginning of period** | 4,681 | 6,210 | 6,210 |
| | | | |
| **Cash and cash equivalents end of period** | 2,482 | 4,669 | 4,681 |

Stock levels at the half year have reduced by £0.5m compared to June 2023 as we continue to rebalance our stock holdings towards the dropship model efficiencies further managing operating costs. H1 2023 stock levels are similarly £0.2m below the 2023 year-end.

Trade and other receivables are in line with 2023. A reduction in trade debtors reflects the reduced availability of trade credit insurance on certain customers and reduced order volumes as a consequence of limiting the level of uninsured risk.

Trade and other creditors have decreased by £1m compared to June 2023, driven mainly by reductions in trade creditor balances as supplier credit insurance continues to be restricted offset by an increase in accruals and VAT creditor balances previously reported.

Net debt has been further increased by planned CAPEX of £0.6m, predominantly relating to development of the trading platforms, lease liabilities of £0.3m and finance costs of £0.3m

Drawn facilities of £4.75m (31 December 2023: £5.3m) result in net debt of £2.3m at the period end (31 December 2023: £0.5m). We continue to maintain a strong focus on cash with net debt expected to be £3.2m at year end as we enter our seasonal low trading period and continue to amortise the bank loan facility. We maintain a sound financial position with an undrawn working capital facility of up to £3m and flexible banking partner expected to provide sufficient headroom for continued Group development.

**Financing**

The Group has banking facilities with Clydesdale Bank through to 2027. The facilities comprise an amortising revolving credit facilities of £4.75m at June 2023 and an undrawn working capital facility of up to £3m.

## 1. General Information

CMO Group PLC ('the Company' or 'the Group') is a public company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 (registration number 13451589) and registered in England and Wales. The registered office address is Burrington Business Park, Burrington Way, Plymouth, PL5 3LX.

Copies of this interim report may be obtained from the registered address or from the investors section of the company's website at cmogroup.com.

## 2. Basis of Preparation

These consolidated interim financial statements of the group for the six months ended 30 June 2024 were approved by the Board of Directors on 26 September 2023.

They do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to understanding changes in the Group's financial position and performance since the last annual financial statements.

The Annual Report and Accounts for the year ended 31 December 2023 was audited and has been filed with the Registrar of Companies. The independent auditors report on the annual report and accounts for the year ended 31 December 2023 was not qualified and did not contain statements under Section 498 of the Companies Act 2006.

The financial information for the six months ended 30 June 2024 and 30 June 2023 is unaudited and has not been reviewed by the Company's auditors.

The condensed consolidated interim financial statements for the six months to 30 June 2024 has been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 December 2024. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ending 31 December 2023 with the exception of where there is a difference between UK GAAP and IFRS. These interims have been prepared in accordance with UK adopted international accounting standards but does not include all of the disclosures that would be required under International Financial Reporting Standards (IFRSs). The interim financial statements are presented in pounds sterling, which is the functional currency of the group. Amounts are rounded to the nearest thousand, unless otherwise stated.

AIM-quoted companies are not required to comply with IAS 34 Interim Financial Reporting and accordingly the company has taken advantage of this exemption.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing these interim financial statements.

## 3. Significant Accounting Policies

The group has applied the same accounting policies in these interim financial statements as in its 2023 annual financial statements with the exception of where there is a difference between UK GAAP and IFRS. Full disclosure of the transition to IFRS was made in the Group's AIM admission.

**4. Use of judgments and estimates**

The significant judgments made by management in applying the Groups accounting policies and key sources of estimation uncertainty for the interim financial statements are the same as those described in the 2023 annual financial statements.

**5. Segmental Analysis**

The group currently only report on one performance line being the retail of construction materials.

**6. EBITDA**

EBITDA (earnings before interest, tax, depreciation and amortisation and FX) has been calculated as follows:

| | **6 months ended 30-Jun-24 Unaudited** | **6 months ended 30-Jun-23 Unaudited** |
|---|---|---|
| | **£000** | **£000** |
| Operating loss | **(1,228)** | (501) |
| Depreciation and amortisation | **979** | 981 |
| Exceptional costs and FX costs | **287** | 133 |
| **Adjusted EBITDA** | **38** | 613 |

**7. Income tax**

The income tax credit /charge for the period is based on the estimated rate of corporation tax that is likely to be effective for the year to 31 December 2024.

**8. Dividends**

No dividends were paid or proposed during the period and no dividend was paid relating to financial year 2023.

**9. Earnings per share**

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

| | **6 months ending 30-Jun-24 Unaudited** | **6 months ending 30-Jun-23 Unaudited** | **Year ended 31-Dec-23 Audited** |
|---|---|---|---|
| | **£000** | **£000** | **£000** |
| Earnings per share are as follows | | | |
| **Earnings from continuous operations** | | | |
| Net profit / (loss) for the period attributable to the owners of the parent | (1,251) | (628) | (1,835) |
| Add back : exceptional payroll and other expenses | 299 | 133 | 605 |
| Add back : costs incurred directly related to acquisitions and share option expenses | | | 109 |
| Adjusted earnings | (953) | (495) | (1,121) |
| **Number of shares** | '000 | '000 | '000 |
| Weighted average number of ordinary shares - basic earnings calculation | 71,970 | 71,970 | 71,970 |
| Effect of dilutive potential ordinary shares | | 217 | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 71,970 | 72,187 | 71,970 |

**Weighted average number of ordinary shares from share options - diluted calculations**

| | **6 months ending** | **6 months ending** | **Year ended** |
|---|---|---|---|

| | 30-Jun-24 Unaudited | 30-Jun-23 Unaudited | 31-Dec-23 Audited |
|---|---|---|---|
| | pence | pence | pence |
| Basic earnings per share | (1.74) | (0.87) | (2.55) |
| Diluted earnings per share | (1.74) | (0.87) | (2.55) |
| Adjusted basic earnings per share | (1.32) | (0.69) | (1.56) |
| Adjusted diluted earnings per share | (1.32) | (0.69) | (1.56) |

Basic earnings per share ("EPS") is calculated based on the weighted average number of shares in issue. The table below shows the impact on EPS ("Adjusted EPS") ofearnings before: interest; tax; depreciation and amortisation; foreign exchange; share option expenses; restructuring, redundancy and non-recurring payroll expenses; integration of acquisitions into the superstore environment; one off infrastructure costs; acquisitions expenses; and certain professional fees and expenses. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company being loss making in the current period would mean that any exercise would be anti-dilutive.

**10. Loans and borrowings**

| | 6 months ending 30-Jun-24 Unaudited £000 | 6 months ending 30-Jun-23 Unaudited £000 | Year ended 31-Dec-23 Audited £000 |
|---|---|---|---|
| **Loans and borrowings** | | | |
| Bank borrowings | (4,750) | (3,688) | (5,250) |
| | (4,750) | (3,688) | (5,250) |

On 1 July 2021, the Company entered into a revolving credit facility agreement with Clydesdale Bank Plc (trading as Yorkshire Bank) in respect of revolving loan facilities in an aggregate amount of £10 million to be made available to the Group (the "Revolving Facility"). The borrowers under the Revolving Facility are the Company, CGL, CMOStores Holdings Limited and Total Tiles. The guarantors under the Revolving Facility are the Company, CGL, cmostores.com Limited and Total Tiles.

The proceeds of the Facility A of the Revolving Facility can be used for financing acquisitions permitted under the Revolving Facility ("Facility A") and the proceeds of Facility B under the Revolving Facility can be used for the general corporate and working capital purposes of the Group ("Facility B"). The final maturity date of theRevolving Facility is six years after the date of the Revolving Facility (the "Termination Date"). Facility A will be reduced by £250,000 on each quarter from 30 June 2023, until it is reduced by £3 million on 30 June 2026.

At 30 June 2024 the balance drawn on Facility A totalled £4.27m (31 December 2023 : £5.25m). Facility B was not drawn at June 2024 or December 2023. The limit on this facility is £3,000,000. The Group will be subject to banking covenants on the renegotiated facilities, with the new covenants including a minimum EBITDA target, a de minimis cash balance and capital expenditure control, and the final instalment due on the acquisition facility is 30 June 2026, and the working capital facility 30 June 2027.



END

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