Kingfisher

2023/24
Annual Report and Accounts

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Financial highlights

For the year ended 31 January 2024

Sales

£12,980m
2022/23: £13,059m

(3.1)%[1]
Like-for-like[2]

Gross profit/margin[2]

£4,776m
2022/23: £4,795m

36.8%
10bps

Retail profit[2]/margin[2]

£749m
2022/23: £923m

5.8%
(130)bps

Adjusted pre-tax profit[2]/margin[2]

£568m
2022/23: £758m

4.4%
(140)bps

Statutory profit – pre-tax and post-tax

Pre-tax

£475m
2022/23: £611m

Post-tax

£345m
2022/23: £471m

Basic earnings per share (EPS) – adjusted and statutory

Adjusted[2]

21.9p
2022/23: 29.7p

Statutory

18.2p
2022/23: 23.8p

Free cash flow[2,3]

£514m
2022/23: £(40)m

Net increase/(decrease) in cash[4]

£84m
2022/23: £(555)m

Net debt[2]

£(2,116)m
2022/23: £(2,274)m

Total dividend[3]

12.40p
2022/23: 12.40p

Net debt[2] to EBITDA[2]

1.6x
2022/23: 1.6x

1. Variance in constant currency.
2. Alternative Performance Measure (APM). See the Glossary on pages 191 to 193 for definitions and reconciliations of APMs.
3. The Board has proposed a final dividend per share of 8.60p (FY 22/23: 8.60p), resulting in a proposed total dividend per share of 12.40p in respect of FY 23/24 (FY 22/23: 12.40p). The final dividend is subject to the approval of shareholders at the Annual General Meeting on 20 June 2024.
4. Net increase/(decrease) in cash and cash equivalents and bank overdrafts.

Evaluation of our key performance indicators against our strategy can be found on pages 10 and 11 and pages 48 to 54.

Kingfisher at a glance

Who we are

Kingfisher is an international home improvement company with over 2,000 stores in eight countries across Europe.

We offer home improvement products and services to consumers and trade professionals through our stores and e-commerce channels.

Our purpose

Better Homes. Better Lives. For Everyone. At Kingfisher, we believe a better world starts with better homes and we strive to help make that happen.

Our strategic principles

Kingfisher banners are not the same. This is a strength.

We 'power' these banners as a Group.

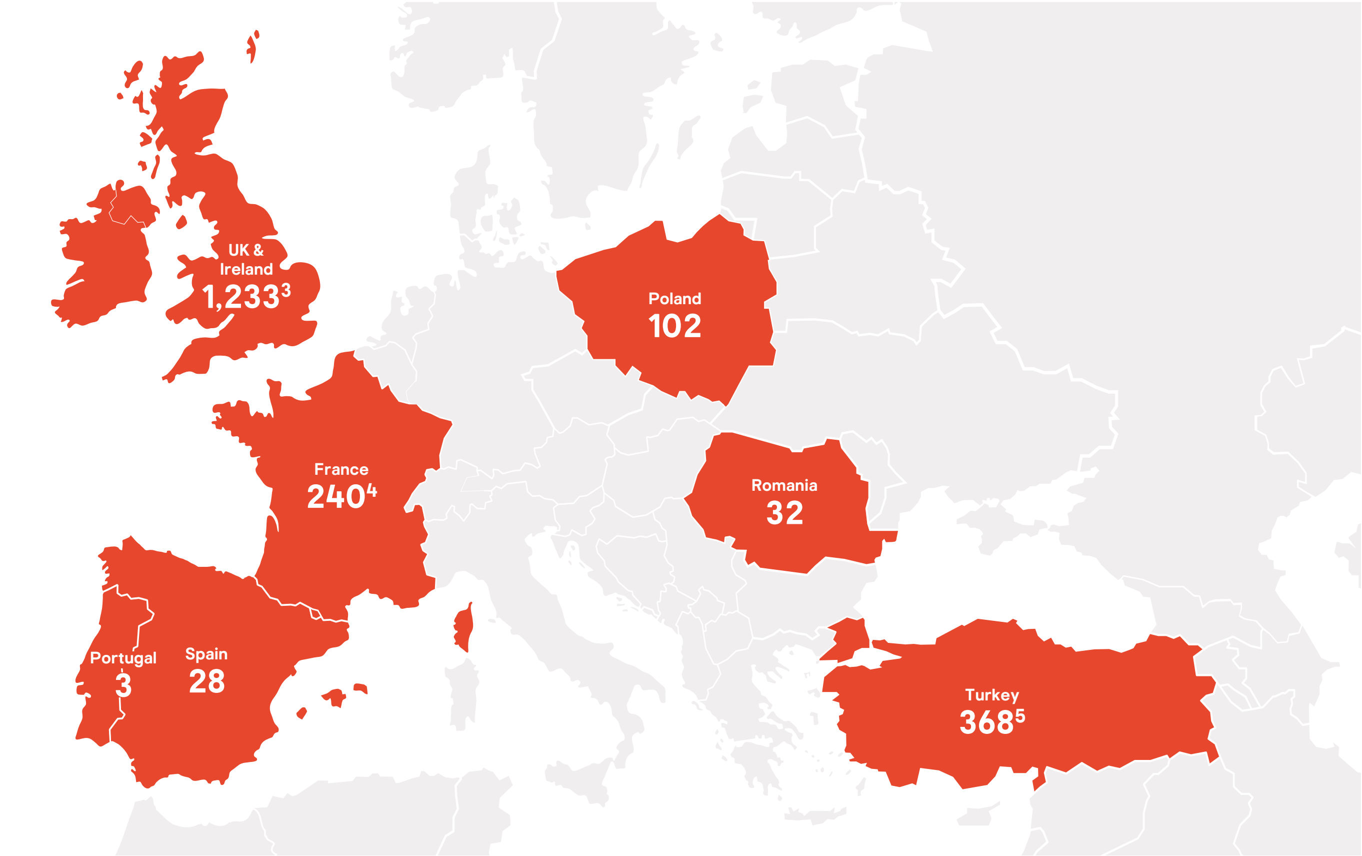
A clear vision to build customer propositions for the future.

Human, agile and lean.

Where we operate

Kingfisher operates in eight countries across Europe under banners including B&Q, Castorama, Brico Dépôt, Screwfix, TradePoint and Koçtaş, supported by a team of over 78,000[1,2] colleagues.

Our stores



All figures on this page relate to the year ended 31 January 2024.

1. Turkey joint venture included.
2. Total, not full-time equivalent.
3. B&Q 311. Screwfix 922.
4. Castorama 95. Brico Dépôt 125. Screwfix 20.
5. Our stores in Turkey, Koçtaş, are operated as a 50% joint venture. Store figure as of 31 December 2023.

Chair's statement

This has been another busy year for Kingfisher, in which we made further progress laying the foundations for future growth, while managing the impact of challenging macroeconomic conditions in all the markets in which we operate. Now four years into our 'Powered by Kingfisher' strategy, the business is far more lean, agile and productive than it was. However the cost of living pressures on our customers proved a significant headwind throughout the year and this was reflected in our financial performance. Overall revenues for the Group were down 1.8% with adjusted pre-tax profits down 25.1%. Free cash flow, however, of £514 million was up significantly from the prior year. Geographically, the UK proved our most resilient market with B&Q and Screwfix both turning in solid performances and gaining market share. France, Poland and Iberia experienced tougher trading.

Good progress was made on our strategic agenda. The recent investments we have made in digital and data capabilities are producing good results, with higher e-commerce sales driven by rapid progression of our curated online marketplaces for third party merchants. Our greater focus on trade professionals is also paying off, especially in the UK, and we see this as a large and highly valuable opportunity in all our key markets. The development of the Screwfix business continues apace with 51 new trade counters opened in the UK and Ireland last year, together with 15 opened in northern France to provide a strong and effective bridgehead into that market. Screwfix also launched a new multi-language website to enable e-commerce for the brand across Europe.

We are committed to providing attractive returns for our shareholders. The Board is proposing a final dividend of 8.60p, which would make the total dividend for the year, 12.40p, in line with last year. Following the completion of our previous share buyback programmes totalling £600 million, we were pleased to announce the return of a further £300 million of surplus capital in a new programme which commenced in October. In total, £397 million was returned to shareholders in FY 23/24.

Kingfisher has a proud history as a pioneer in responsible business and the Board continue to champion the cause. Over the year we made further progress on all aspects of our environmental, social and governance (ESG) agenda including significant reductions in our carbon emissions, increasing the number of products we sell that reduce the impact on the environment, promoting diversity at every level in the business, and building up the support we give to apprenticeships and learning.

The Board considers good governance and diversity of thought as essential to our long-term success. Succession planning for roles at the Board and Group Executive level has been given a higher profile in Board meetings and additional opportunities have been sought to meet high-potential colleagues from other parts of the organisation. To enable this, the Directors have increased the amount of time they spend 'out and about' in the business with an expanded number of visits last year to stores, offices and distribution centres in the UK, France and Poland. Some of these visits were taken as a whole Board, others involved only one or two Directors. The additional time has allowed for more interaction with colleagues at all levels and helped the Board to observe, at first hand and in more situations, our strategy and culture in action. A programme of tailored 'teach-ins' has also helped the Board's understanding of some of the more technical or complex areas of the business. These included sessions on the trade proposition, Generative AI, and compact store formats.

The Board also recently completed an internal Board effectiveness review. This year we introduced a new component which allowed for individual feedback for each of the Directors. This was a valuable addition and will be repeated every third year from now on. Overall results of the review show the Board is working well together and is finding the right balance of supporting management while holding them to account. Board committees operate effectively and the culture around the board table is respectful, frank, transparent and trusting. I would like to thank my Board colleagues for their participation in the review and for their generous support through the year.

Our priorities for 2024 are clear, and are centred on things we can control. Maintaining and growing our market shares, improving our productivity, and delivering on our commitments on free cash flow and shareholder returns. We will also continue to invest behind our identified drivers of future growth, launching e-commerce marketplaces in France and Poland, further expanding the Screwfix network and getting behind our push to attract more trade customers. We are confident in the long-term returns opportunity from these investments, but the Board will continue to manage them thoughtfully and adjust as needed through what seems likely to be another year of economic uncertainty for our customers.

Our purpose is to help make better homes and better lives for everyone and that is something really worth striving for. The inspirational people who make up Kingfisher are doing exactly that and I would like to thank each and every one for their enduring commitment and support both to our mission and to the business.

Andrew Cosslett
Chair of the Board

24 March 2024

Chief Executive Officer's statement

This year we have remained focused on supporting our customers and delivering on our long-term strategy, despite facing various macroeconomic and consumer challenges in our markets. I am immensely proud of all our teams, and I would like to say a huge thank you to all our colleagues for their hard work and dedication to our customers. Thanks to their efforts, we continue to make strong strategic progress and position the business for growth.

Business performance

Our financial performance for the year was in line in with the revised guidance we set out at our Q3 results. Sales were down 1.8% to £12,980 million, adjusted profit before tax was down 25.1% to £568 million and we delivered strong free cash flow of £514 million.

Trading conditions varied across each of our key markets. In the UK & Ireland, B&Q, TradePoint and Screwfix each delivered resilient sales and market share growth. In France, where our sales performance was impacted by historically low consumer confidence, we have quickly made significant adjustments to the cost base and started to embed e-commerce marketplace and trade customer initiatives similar to those successfully implemented in the UK. In Poland, where we faced strong comparatives and a tough economic backdrop, sales trends are gradually improving in line with the consumer environment.

Encouragingly, on a Group-wide basis, we have seen sequential quarterly improvement in the volume trend in 'core' categories, which make up 77% of our total sales volumes, as retail price inflation tapers down.

Strategic progress and growth opportunities

We continue to execute against our strategic objectives at pace and invest in our multiple growth opportunities.

We are making strong progress against our priority to accelerate e-commerce by offering customers more speed and choice. This year we achieved e-commerce sales growth of 6.4%, supported by strong marketplace sales growth at B&Q, which reached 38% marketplace participation in January 2024. We are seeing growing adoption of last-mile fulfilment options including increased use of our Screwfix Sprint one-hour home delivery service, Click & Collect lockers in Poland and a new Screwfix partnership with Deliveroo. Our e-commerce sales penetration was 17.4% (FY 22/23: 16.3%), over twice the level of FY 19/20.

The success of our marketplaces in the UK and Iberia was well ahead of our expectations, and we have further marketplace launches planned in France and Poland this year. Our ambition is now to reach 30% e-commerce sales penetration, with one third of our Group e-commerce sales coming from our marketplaces.

We have also continued the expansion of Screwfix, with 51 new stores opened in the UK and Ireland this year and 22 stores now open in France, with encouraging results so far. We have also launched Screwfix as a pure-play online retailer in six European countries. We are planning for up to 40 store openings in the UK and Ireland and 15 in France over the coming year. Assuming the success of the format is confirmed, we see the potential for more than 600 Screwfix stores in France over the longer term.

Poland remains a market with attractive growth potential and Castorama Poland opened five stores in the year, bringing its total to 102 stores. We are targeting up to 75 new medium-box and compact store openings in Poland over the next five years.

Across the Group, we believe net space growth will drive an uplift in sales of c.1.5% to 2.5% per annum over the medium term, primarily driven by Screwfix and Castorama Poland.

Our plans to develop our trade business across our markets are progressing well. In the UK, we opened 21 new TradePoint counters at B&Q stores over the year and TradePoint delivered £834 million of sales. We have a strong plan to drive TradePoint's annual sales to more than £1 billion in the medium term, by growing its customer base and increasing our share of trade customer spend. Building on TradePoint's success, we are also seeing strong results from our trade proposition tests in France, Poland, Iberia and Romania. We will be accelerating their rollout this year and we are now aiming to double trade penetration in France and Poland over the medium term.

Our data, AI and retail media initiatives are also delivering positive results and we are accelerating their rollout to drive incremental revenue, profit and cash. For example, we have successfully implemented AI-powered product recommendation and personalisation engines in the UK, France and Romania, and deployed data and AI-driven tools to optimise markdowns and clearance. Our retail media offering is rapidly building momentum and is now live in France and at B&Q. Over time, we see the potential for retail media revenues to reach up to 3% of the Group's total e-commerce sales.

We have also outlined a new plan to simplify our French organisation, significantly improve the performance and profitability of Castorama France and realise the exciting potential of Brico Dépôt. The plan has three priorities for Castorama: restructuring and modernising the store network, improving operating margin efficiency and growing sales densities. We believe our overall plan for France will support a retail profit margin of c.5% to 7% over the medium term.

Responsible Business remains a vital part of our strategy and we have continued to make progress with our commitments. We remained well ahead of our 1.5°C aligned science-based scope 1 and 2 carbon reduction target, reducing our emissions by 62.0% against a 2016/17 baseline. We are increasingly leveraging our own exclusive brand (OEB) capabilities to build products that reduce impact on the environment. Sustainable Home Products (SHP) represented 49% of our Group sales this year (FY 22/23: 47%). Reflecting our commitment to supporting our people to build skills for life, we also announced a new target for more than 20,000 colleagues to have completed an apprenticeship, traineeship or external qualification by 2030, after we exceeded our previous learning target ahead of schedule.

Looking ahead

Looking forward, we remain confident in the attractive medium to longer-term growth prospects of the home improvement industry and our ability to grow ahead of our markets. We reaffirm our medium term financial priorities, focused on growth, cash generation and attractive returns to shareholders.

In the short term, while repairs, maintenance and renovation activity on existing homes continue to support resilient demand, we are cautious on the overall market outlook for 2024 due to the lag between housing demand and home improvement demand. In 2024 against this backdrop, we will remain agile and focused on what is within our control – leveraging our strategy to deliver market share growth, driving productivity gains, and managing our costs and cash effectively.

This has been another year of significant progress for Kingfisher, in which the increased agility enabled by our strategy has helped our teams to effectively manage a volatile environment. We are now strongly positioned going forward. We are more agile and efficient, with significant cost taken out across the Group, and we have multiple profitable growth drivers in which we are already investing.

I would like to warmly thank all our colleagues once again for their efforts this year. Together, we are building a stronger company with exciting prospects for growth, and we can look ahead to the future with confidence.

Thierry Garnier
Chief Executive Officer

24 March 2024

To hear more about our results from Thierry Garnier please use the link www.kingfisher.com/fullyearvideo

Our strategy

Better Homes. Better Lives. For Everyone. At Kingfisher, we believe a better world starts with better homes and we strive to help make that happen.

Put simply, our strategic plan – 'Powered by Kingfisher' – aims to maximise the benefits of combining our distinct banners (which serve a range of different customer needs) with the scale, strength and expertise of the Kingfisher Group.

The differentiation of our banners across trade (Screwfix, TradePoint), discounters (Brico Dépôt France, Brico Dépôt Iberia), and more general DIY needs (B&Q, Castorama France, Castorama Poland, Brico Dépôt Romania, Koçtaş) is a unique strength for us; more so in a more volatile and uncertain world.

1

Grow by building on our different banners

Our banners occupy number one or two positions in our key markets. These banners address a diverse range of customer needs, each operating different models tailored to these needs, with clear positionings and plans. Our goal is to grow by building on our different formats in existing and new markets, leveraging the power of Kingfisher. We believe net space growth will drive an uplift in sales of c.+1.5% to +2.5% per annum over the medium term.

2

Accelerate e-commerce through speed and choice

We will continue to grow our e-commerce sales and participation, with the ambition of reaching 30% of Group sales from e-commerce channels (one third of which from marketplace). We will do this by offering our customers 'speed' – faster fulfilment of orders through leveraging our store estate – and 'choice' – broader product choice, including via our e-commerce marketplace propositions. This will be supported by the ongoing modernisation and simplification of our technology landscape, which is unlocking the rapid development of more customer-centric and personalised mobile apps, digital tools and services.

3

Build a data-led customer experience

Powered by Kingfisher, our banners are leveraging data and artificial intelligence (AI) to build customer-centric tools and solutions, support better commercial decision-making and higher productivity, thereby unlocking significant new sources of revenue, profit and cash. In addition, with c.1bn customer visits per annum across our e-commerce touchpoints, we believe that many of our suppliers – including leading national and international home improvement brands – could become advertisers. Over time, we see the potential for retail media revenues to reach up to 3% of the Group's total e-commerce sales.

4

Differentiate and win through own exclusive brands (OEB)

Our OEB product development is a significant source of value for our banners and their customers. OEBs provide us with the ability to differentiate ourselves from the rest of the market by delivering simple and innovative solutions at affordable prices, with a focus on reducing environmental impact. OEBs also carry a higher gross margin (on average) than branded products. We aim to grow our OEB sales further as we bring even more innovative and affordable solutions to our customers.

Equally, Kingfisher's scale and resources are a critical source of competitive advantage for our banners, providing product development and supply (through our industry-leading own exclusive brands), access to leading-edge technology, digital and data capabilities, as well as international support, sourcing and buying scale.

We are continuing to invest for growth in multiple areas of the business, underscoring our confidence in the medium-to-longer term outlook for home improvement growth in our markets. We are pleased with the progress we have made over the last year, against the backdrop of what remains an extraordinarily challenging macroeconomic and consumer environment in our markets.

5

Develop our trade business

Trade customers are an integral part of the home improvement ecosystem and a key priority for Kingfisher. Trade customers tend to visit more frequently and spend more than the average retail customer. The significant opportunities to engage further with trade customers include the further roll-out of trade counters and expansion across our banners, range expansion and improved merchandising, building deeper relationships with trade customers, new services, loyalty programme optimisation and digital enhancements. We are aiming to reach more than £1 billion of sales at TradePoint in the UK & Ireland, and double trade sales penetration in France and Poland, over the medium term.

6

Roll out compact store formats

Our home improvement banners operate over 2,000 stores across eight countries in Europe. They play an integral role in meeting the demand for fast fulfilment via e-commerce channels, whether through C&C or delivery, to where the customer wants it. Compact stores are also playing an increasingly crucial role in addressing the consumer need for convenience. Through compact store expansion, our ambition is to grow market share, optimise our overall store footprint, and to grow sales densities and store profitability.

7

Lead the industry in Responsible Business and energy efficiency

We are committed to leading our industry in responsible business practices and energy efficiency. Building on our strong environmental, social and governance (ESG) credentials, our 'Powered by Kingfisher' strategy sets out four priority areas for Responsible Business where we can maximise our positive impact on the lives of our customers, colleagues, communities, and the planet. As the 'green homes' agenda accelerates, we see considerable potential for our Sustainable Home Products.

8

Human, agile and lean

To deliver the best possible service to our customers and ensure our colleagues are engaged, fulfilled and able to realise their full potential, we are building a culture based on trust, agility, inclusion and curiosity. We have adopted a 'done is better than perfect' mindset to move faster and with more agility, given the rapidly changing environment in which we do business. And we continue to focus on becoming leaner and more productive, as well as lowering our same-store inventories.

Performance against priorities

Strategic priorities	Progress
Grow by building on our different banners	– Expanded Screwfix in the UK, Ireland and France. – Launched Screwfix as a pure-play online retailer in six European countries. – Continued expansion of Castorama in Poland.
Accelerate e-commerce through speed and choice	– Continued strong growth of e-commerce marketplace proposition at B&Q and Brico Dépôt Iberia. – Expanded Screwfix Sprint service in the UK which is now available in 334 stores, covering 45% of UK postcodes. – Screwfix has partnered with Deliveroo, offering a limited range of products on-demand. – Growing adoption of Castorama Poland's Click & Collect lockers, increasing customer convenience with 24/7 collection availability.
Build a data-led customer experience	– Launched AI-powered product recommendation tools in the UK, France and Romania. – Implemented an end-to-end supply chain visibility tool. – Accelerating our retail media (advertising) proposition at B&Q, Castorama France and Brico Dépôt France.
Differentiate and win through own exclusive brands (OEB)	– OEB products continue to drive affordability, product innovation and reduced environmental impact, and carry a higher gross margin % on average than branded products. – Resilient performance from OEB ranges within our tools & hardware and building & joinery categories. – Developed and started roll-out of Green Star product marker, which aims to make it easier for customers to identify and purchase products that have a reduced impact on the environment.
Develop our trade business	– Accelerating development of trade proposition in France, Poland, Iberia and Romania, launching tests in 42 stores. – Leveraged our OEBs to develop and launch trade-focused products for our banners. – TradePoint (in B&Q) like-for-like sales growth of 0.7%, outperforming B&Q retail and representing 22% of B&Q's total sales.
Roll out compact store formats	– High street compact store tests (B&Q Local in the UK, Casto in France) continue to deliver encouraging learnings and results. – Opened the first two Brico Dépôt compact stores in France. – Testing Castorama Smart, small retail park concept, in Poland. – Screwfix continues to test its ultra-compact format Collect stores.
Lead the industry in Responsible Business and energy efficiency	– Continued to prioritise pay awards to help colleagues manage higher costs of living. – New target announced for more than 20,000 colleagues to complete an apprenticeship, traineeship or external qualification by 2030. – Helped reduce our carbon footprint from our own operations through the decarbonisation of our logistics network and switching to more efficient vehicles across our delivery fleets.
Human, agile and lean	– Progress made in transitioning to a more agile and modular technology operating model; moving from physical data centres to the cloud through a new strategic partnership with Google. – Multi-year cost reduction programmes continue to help offset inflationary pressures. – Actions underway to further optimise supply chain and inventory management.

Proof points for FY 23/24		Forward focus for FY 24/25
51 Screwfix stores opened in the UK & Ireland **5** Castorama Poland stores opened	**22** Screwfix stores now open in France	– Ongoing roll-out of Screwfix; in FY 24/25, up to 40 new stores planned in the UK and Ireland and up to 15 new stores planned for France. – Castorama Poland targeting up to 75 medium-box and compact stores over the next five years. – Longer term, we intend to serve up to 20 European countries via Screwfix as a pure-play online retailer.
+6.4% total e-commerce sales **93%** of orders picked from stores	**£154m** B&Q's marketplace gross sales **38%** marketplace participation at B&Q in January 2024	– Launching similar, tailored e-commerce marketplaces in France and Poland. – Ambition of reaching 30% e-commerce sales penetration, one third of which represents marketplace gross sales. – Plans to further improve app capabilities across the Group.
c.10% of B&Q's e-commerce sales from product recommendations	**c.1bn** customer visits across our e-commerce touchpoints annually	– Ambition for retail media income to reach 3% of the Group's total e-commerce sales. – Further banner roll-outs planned for data and AI-driven tools to optimise promotions, markdowns and clearance. – Rolling out retail media proposition to further banners.
45% of Group sales from OEBs **60%** of OEB sales from Sustainable Home Products	**21%** of Group sales from five leading OEB brands	– Continue the roll out of the Green Star product marker to all banners. – Targeting 70% of OEB sales from SHPs by FY 25/26. – Establish OEB as the most affordable solution for customers.
21 new TradePoint counters opened in the UK **26** Castorama Poland stores trialling CastoRent tool rental service	**24** Brico Dépôt France stores launched a trade loyalty programme	– Aiming for more than £1 billion sales at TradePoint UK & Ireland, and to double trade penetration in France and Poland over the medium-term. – TradePoint to begin tests in FY 24/25 to increase presence in smaller B&Q stores.
9 new compact stores opened in the UK, France and Poland **10** B&Q Local stores open across London	**14** high street concept stores now open in the UK, France and Poland	– Continue to iterate high street and small retail park tests accounting for local customer needs as we create an optimum blueprint. – Focus on optimising the proposition of Brico Dépôt France's compact stores. – Continue to test Screwfix Collect.
49% of Group sales from Sustainable Home Products **3.2m** people helped through charitable partnerships and banner Foundations since FY 16/17	**62.0%** reduction in carbon footprint for our own operations against FY 16/17 base year **10%** of Group sales from energy and water-saving products	– Continue to progress against our four key pillars: colleagues, customers, communities and planet. – Continue to reduce the intensity of our scope 3 emissions from the supply chain and customer use of products, and remain on track to meet our target of a reduction of 40% by 2025. – Target for Sustainable Home Products (SHPs) to reach 60% of group Sales by FY 25/26.
9 rightsizings completed at B&Q and Castorama France over the last three years	**57** eNPS score, setting Kingfisher within the top 5% of worldwide retailers	– Continue to focus on becoming leaner and more productive, as well as lowering our same-store inventories. – All banners to run at least two colleague surveys a year, enabling better visibility and management of engagement levels.

Key performance indicators

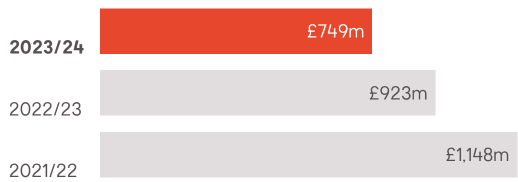
We use a range of financial and non-financial key performance indicators (KPIs) to track and evaluate delivery of our 'Powered by Kingfisher' strategy.

Financial performance indicators

Total sales

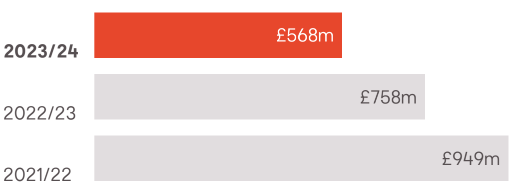
Total sales decreased by 1.8% on a constant currency basis, to £12,980 million, reflecting a resilient performance in core categories, particularly in the UK & Ireland, and the adverse impact of weaker 'big-ticket' sales in the latter part of the year and unseasonal weather on seasonal category sales.

Retail profit[1]



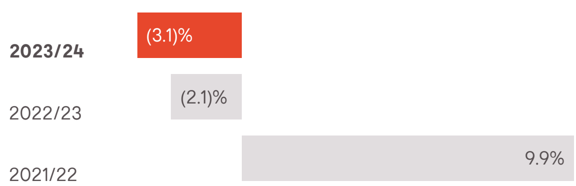
Retail profit down 19.5% in constant currency to £749 million (FY 22/23 £923 million; FY 21/22 £1,148 million), reflecting lower gross profits in France and Poland, and higher operating costs in the UK & Ireland and Poland largely due to higher pay rates and energy costs.

Adjusted pre-tax profit[1]



Adjusted pre-tax profit down 25.1% to £568 million (FY 22/23: £758 million; FY 21/22: £949 million), reflecting lower retail profit, higher central costs and higher share of JV interest and tax, partially offset by lower net finance costs.

Like-for-like sales[1]



Like-for-like sales down 3.1%, excludes a +1.3% sales impact from a net increase in space, driven by Screwfix store openings in the UK & Ireland and Castorama in Poland, and the acquisition of assets of Connect Distribution Services Limited (renamed Screwfix Spares).

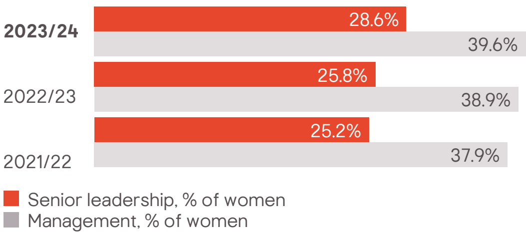
Free cash flow[1]

Free cash flow of £514 million, up £554 million (FY 22/23: £(40) million), reflecting an unwind of working capital outflows from the prior year and lower capital expenditure.

1. Denotes an Alternative Performance Measure (APM). APMs are defined in the Glossary on pages 191 to 193.

Non-financial performance indicators

Inclusion and diversity

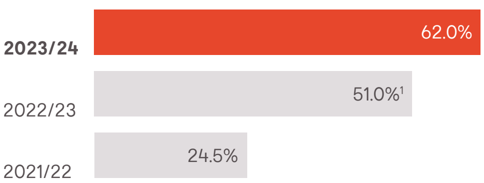


We continue to strengthen our actions and focus to improve representation across the Group. Women in senior leadership is up by 2.8% (FY 23/24: 28.6%; FY 22/23: 25.8%). Women in management is up by 0.7% (FY 23/24: 39.6%; FY 22/23: 38.9%).

Responsibly sourced wood and paper

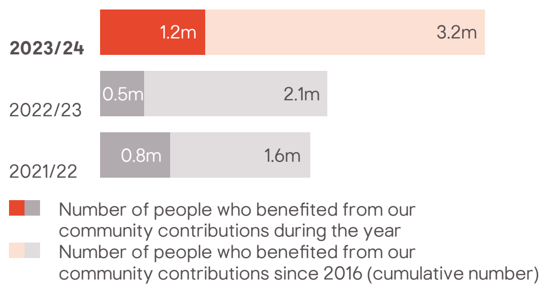
The share of responsibly sourced wood and paper in our products as a percentage of total SKUS sold, is up year-on-year (FY 23/24: 96.6%; FY 22/23: 94.5%) reflecting our commitment to achieving our target by the end of FY 25/26.

Operational carbon emissions reduction



We have reduced absolute greenhouse gas emissions from our operations by 62.0% since FY 16/17, surpassing our science-based target of 38% reduction by FY 25/26. The key drivers for sustained reductions include decarbonisation efforts across our logistics network and property portfolio.

Community: people we have helped



1.2 million people benefited from our community contributions (FY 22/23: 0.5 million) delivered through our charity partnerships and banner foundations. A total of 3.2 million people have benefited from our community contributions since FY 16/17.

Sustainable Home Products: % of retail sales

Total Group sales from Sustainable Home Products (SHP) up by 2.6 ppts (FY 23/24: 49.4%; FY 22/23: 46.8%). Share of SHP sales for OEBs increased by 3.7 ppts (FY 23/24: 60.1%; FY 22/23: 56.4%). This progress reflects our commitment to achieving our target by the end of FY 25/26.

1. We have restated FY 22/23 reduction against baseline in operational carbon emissions to reflect additional data received after the reporting period's closure.

Business model

We offer home improvement products and services to consumers and trade professionals across our over 2,000 stores via our e-commerce channels and through our franchise and joint venture partners.

By delivering our strategy and operating as a responsible business, we create sustainable value for our customers, colleagues, shareholders, suppliers and wider society.

Our key resources

Our people and culture

Over

78,000

engaged colleagues with the right skills to serve customers.

Our financial strength and scale

£13 billion

of sales in eight countries; collective buying scale.

Our diverse and trusted banners

Distinct banners which address diverse customer needs with different models, strong customer relationships and a clear positioning and plan.

Our market-leading positions

Our banners occupy number one or number two positions in our key markets.

Our channels

Network of over

2,000

stores, strong e-commerce capabilities, as well as franchise and joint venture partners.

Our own exclusive brands

Our own exclusive brands (OEB) allow our banners to offer differentiated products in terms of innovation, affordability and reducing environmental impact.

Our supplier relationships

Close collaboration with our suppliers to bring the best home improvement products to our customers at great prices, while ensuring they meet our ethical standards.

Our Responsible Business practices

Longstanding commitment to make a positive impact for communities, colleagues, customers and the planet.

How we create value

Our leading banners serve different customer needs within their markets. They offer product ranges and services that meet these distinct needs through their own commercial approach and business model. As trusted brands, they connect with customers and drive loyalty. They are powered by the scale, strength and expertise of the Kingfisher Group.

Benefits brought by the Group include sourcing and buying, differentiated OEB, technology and partnerships capability, shared services and Centres of Excellence. The Group is underpinned by a common culture and values, including a shared commitment to responsible business practices.

Sourcing and buying delivering lower cost prices across all products (OEB and brands).

Technology and product providing all our banners with access to the best technologies and complementary partnerships.

Shared services and lower-cost functions.

Centres of Excellence to set strategy and targets, to share knowledge and best practices, to support implementation, and to help steer progress.

Culture and values providing a framework for our core behaviours, values, and responsible business practices.

Differentiated OEB which are innovative and provide a key source of difference.

1. Kingfisher has 'Centres of Excellence' in supply chain, trade, compact stores, customer services, data, technology, and e-commerce & marketplace.

Who we create value for

Customers

Making better homes and better lives for everyone; helping tradespeople to get their jobs done quickly and affordably.

Colleagues

Inclusive, rewarding work and careers, developing skills.

Communities and society

Operating as a responsible business, with strong community involvement.

Environment

Protecting and restoring natural resources and tackling climate change.

Shareholders

Growing the value of the company sustainably.

Suppliers

Sharing value in our supply chain.

Partners

Growing our business through different partnership models, including our joint venture in Turkey and wholesale and franchise models.

People and culture

Our 78,000 colleagues are key to our success. We strive to be an inclusive employer where every individual can feel free to be themselves, share their views and ideas and progress their career.

Our People and Culture Plan, which launched in 2020, is a key enabler of our 'Powered by Kingfisher' strategy. The plan is based on four pillars which we believe will create an organisation that delivers performance in the long-term and enable us to attract the talent we need to deliver our purpose to help make better homes, better lives, for everyone:

- Build a **lean and agile organisation**.
- Source and develop the skills and the talent that will give us the **capability to fuel growth**.
- Create an **agile, inclusive culture led by trust**.
- Develop **diverse leaders who inspire growth**

Delivering our People and Culture Plan

Progress made across our people and culture pillars in FY 23/24 includes:

- Evolving our operating model to fuel our 'Powered by Kingfisher' strategy.
- Building our in-house capabilities in critical skills to fuel growth and investing in our long-term talent pipeline through commitment to apprenticeships.
- Sustaining our colleague engagement levels in the top quartile of retailers and of all organisations globally.
- Setting behavioural expectations, strengthening inclusion and proactively build a more inclusive culture.
- Continued investment in our leadership capability and pipeline for the future.

Lean and agile organisation

In 2023/24 we continued to evolve our Group operating model to benefit from Group scale and innovation.

In technology, to enhance our customer focus we have reorganised teams around capability areas to support skill development. Changes to the structure of our technology team simplify how we operate, enable us to be more agile and provide customer-centric decision-making. As part of our in-sourcing strategy we have established engineering teams in Poland and Romania.

We have driven productivity in our stores, including expanding our digital hub proposition and out of hours operation support for our biggest stores in B&Q. In Castorama Poland, we have rebalanced customer facing roles with management and support roles.

Optimise colleague reward

As a responsible employer we have continued to monitor the cost of living in each of our markets and have initiatives in place to support colleagues in our stores and head offices. Colleague pay has been addressed through annual salary increases in each of our markets and we have responded to changes to the National Minimum Wage or local equivalent. We will continue to ensure that we are aligned to market practice and that our colleagues are appropriately supported with the increasing costs of living. For example, in the UK we have extended our Colleague Support Fund, in partnership with the Retail Trust, which supports colleagues experiencing financial difficulties.

A focus on optimising colleague reward and continued work in this space saw 2023 employee Net Promoter Scores (eNPS) for reward rise by 12 points and wellbeing scores increase by 6 points. As part of our efforts to continue to improve transparency and equity across the organisation we will be adopting the principles from the EU Pay Transparency Directive across the Group.

Capabilities to fuel growth

Apprenticeships and early career schemes are a key differentiator of employer brand

We are proud to have reached our target of delivering five million hours of learning to colleagues, three years early as part of the learning for life pillar of our I&D strategy. We have now set a new target to deliver 20,000 completed Group-wide apprenticeships or formal qualifications by 2030. This target recognises our commitment to equip our colleagues with formal education.

Deep functional expertise deployed in priority areas

Our Academy offering has grown this year. We have continued development in functional experience and technical skills in supply chain & logistics, offer & sourcing, and digital & technology.

In B&Q, the Academy offering is now available to more than 500 colleagues providing functional expertise and technical skills needed to support the business plan and to help ensure we are fit for the future.

In Group digital & technology functions, colleagues had access to targeted, skill-building training and development on strategic capabilities such as engineering, cloud-based tools, data analytics, product management, business analysis, agile ways of working, and services tools and frameworks.

An agile, inclusive culture led by trust

Top quartile eNPS- compelling colleague proposition aligned to strategy and performance

Colleague engagement across the Group remained strong this year. In the all-colleague engagement survey held in FY 23/24, we heard from 87% of our colleagues (up 4% compared with FY 22/23), with colleagues sharing 282,000 comments, demonstrating how they feel confident to share their feedback and ideas. Our eNPS of 57 is significantly ahead of the global retail benchmark (+32 points above the median), placing us in the top 5% of retailers. We saw improvement in both our attrition levels across all banners in the last year and the time it takes to hire new colleagues in our UK banners.

We continue to assess our progress on colleague engagement against the key metrics of our culture through both formal and informal mechanisms, including regular colleague surveys using the Workday Peakon platform, the Kingfisher Colleague Forum and works councils, colleague networks, social channels and regular town hall meetings.

Throughout 2023/24 our Senior Independent Director, Catherine Bradley, continued to represent the Board at the Kingfisher Colleague Forum and met with colleagues throughout the year.

Recognised and trusted as progressively more inclusive

We remain focused on ensuring that we create a culture that is agile, inclusive and led by trust. Our inclusion score, based on the question 'I feel a sense of belonging at Kingfisher' is 52 eNPS, placing us in the top 5% of Peakon's all-industry inclusion benchmark. Colleagues also indicated a 7-point rise in trust and a 9-point improvement in collaboration, all of which has contributed to an increased agility score of 55 eNPS.

In 2023/24 we designed our Group-wide allyship campaign, called 'Together. Stronger'. The campaign sets clear minimum standards and expectations on inclusive behaviours and educates on the importance of everyday allyship. Colleagues complete mandatory training on non-inclusive behaviours and how to tackle them. Colleagues have been invited to make personal commitments to being a better ally.

Our colleague networks have also flourished this year. Our more established groups have seen success by being shortlisted and winning a series of awards such as 'Best Network' at the Women in Tech awards as well as 'Outstanding Network of the Year' at the European Diversity Awards. We have also seen the launch of the new Black Employee Network at Screwfix.

Diverse and inspiring leaders

Highly engaged leaders, collaborating to drive growth

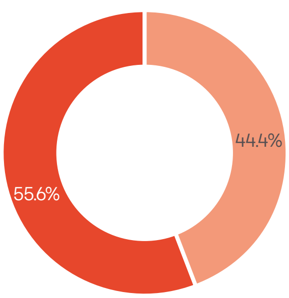
In FY 23/24 we have continued to invest in our leaders, offering a variety of development opportunities including an International Learning Expedition, workshops focused on building trust, and our Kingfisher Retail Academy, which consists of a series of leader-led masterclasses in professional retail knowledge and skills, in addition to executive coaching.

Engagement for the Kingfisher Leadership Team (KFLT) has remained constant at 74 eNPS year-on-year; however, our investment in leaders has contributed to substantial increases in scores that relate to culture (agility +28 points, trust +15 points, collaboration +23 points), as well as an increased sense they are delivering positive outcomes for customers (meaningful work +20 points). This indicates that the KFLT has experienced a fundamental shift in connection, collaboration and meaning in the last year.

Board, senior management and employee diversity

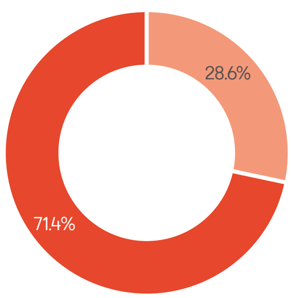
At 31 January 2024, the gender breakdown of colleagues and directors was as follows:

The Board[1]



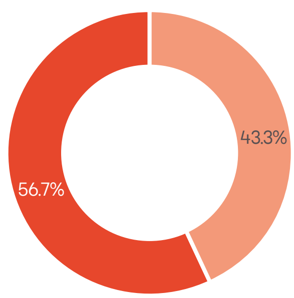
Female: 4
Male: 5

Senior leadership[1, 2, 3]



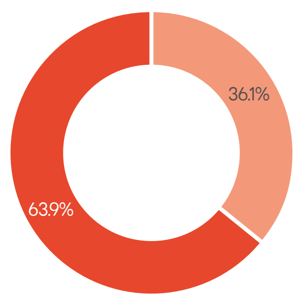
Female: 89
Male: 222

Total workforce[1, 3]



Female: 32,297
Male: 42,228

Group Executive and their direct reports[1]



Female: 30
Male: 53

1. The 2022/23 gender breakdown of colleagues and Directors was as follows:
   – The Board: 4 female (44.4%) 5 male (55.6%).
   – Senior leadership: 78 female (25.8%) 224 male (74.2%).
   – Total workforce: 33,482 female (43.1%) 44,219 male (56.9%).
   – Group Executive and their direct reports: 29 female (33.3%) 58 male (66.7%).
2. As disclosed, we remain committed to our 2025 target to increase women in senior leadership to 35% and women in management to 40%. Senior leadership under this target is defined as those who are eligible for our Performance Share Plan.
3. Turkey joint venture not included.

People and culture continued

Robust senior leadership succession pipeline

We have also delivered Kingfisher-wide development opportunities to our next generation of leaders which included personal potential and development assessments, career development workshops, and access to our Kingfisher Retail Academy.

We have set targets on leadership succession coverage and the diversity of that coverage. Our succession coverage target is to ensure that 70% of KFLT roles have succession coverage, and we have ended the 2023/24 year at 60%. Our diversity target is to ensure that 70% of KFLT roles have gender diverse coverage, for which we ended the 2023/24 year at 65%. We have continued to benchmark our leadership strength against external standards, which has informed actions to enhance succession readiness.

We remain firmly on track to reach our gender diversity target of 40% women in management by 2025 (currently at 39.6%). We have seen strong progress in 2023/24 on senior leadership gender diversity (+2.8% delivered in 2023/24, more than was delivered in the previous two years). We continue to work towards reaching our 2025 target of 35% women in senior leadership.

Our focus on diversity is expanding beyond gender, with a strong focus on reflecting the customers and communities we serve.

All banner boards, except two, have successfully achieved the net +1 diverse member by 2023 target, and all Group banners have identified local diversity targets and measures that reflect their market and operating environment. For example, we have set a new target of improving ethnic diversity in our most senior leadership in the UK to 16% by 2030 (see page 77 for more information on how this aligns with the Parker Review). Our strategy to deliver this target is underpinned by seeking insight from candidate and colleague data on how people move into and through our organisation; identifying and addressing barriers to progression and gaps in sentiment between minority and majority groups; and working in close partnership with our colleague networks and forums on evolving our agile, inclusive culture led by trust.

Equal opportunities

Kingfisher is committed to creating a workplace where everyone is treated with fairness, respect and dignity, irrespective of age, educational and professional background, disability (including for colleagues who become a disabled person whilst in employment), gender, gender re-assignment, marital status, race, ethnicity, religion and beliefs, and sexual orientation. It is our policy that all colleagues are treated fairly. No colleague is to be treated less favourably or experience discrimination (unlawful or otherwise) on any grounds. Our policy applies to every part of employment, including full and fair consideration during recruitment and selection processes, opportunities for training, development and promotion, and terms and conditions of employment. Entry into and progression within the company is based solely on personal ability and competence to meet set job criteria. Our employment policies, practices and procedures promote accessibility for disabled people, providing reasonable adjustments and appropriate training for their aptitudes and abilities, where appropriate. Kingfisher continues to be a proud partner of a number of recognised forums across its geographies that champion diversity in all its forms.

Stakeholder engagement and decision-making

Section 172(1) Statement

The Board and the company spend time considering our impact on our stakeholders, where appropriate. The Board fully recognises the importance of all our stakeholders in the successful operation of the business. Remaining mindful of our Companies Act 2006 (the 'Act') section 172 (1), responsibilities, the needs and concerns of our stakeholders continue to be an intrinsic part of our decision-making processes.

Ahead of matters being put to the Board for consideration, the business often carries out significant engagement to support the directors to assess and ensure that all stakeholder views are considered fairly. This engagement may be formal or informal and is often governed by policies, control frameworks, regulation and legislation.

Before reaching a decision, the Board considers how proposed actions and behaviours of the company may affect its key stakeholders and the environment, as well as the company's reputation and long-term success. Kingfisher's actions and behaviours are governed by a robust governance framework, including Group policies and the Kingfisher Code of Conduct.

We have set out some examples below of how the directors have had regard to the matters in section 172(1)(a)–(f) when discharging their section 172 duties, and the effect on certain decisions taken by them in 2023/24.

Pages 18 to 23 set out further consideration of each of our key stakeholders and examples of how they have been engaged during the year.

Page 73 sets out the Board's key activities during the year and the section 172 matters considered in pursuing these activities.

Key considerations

1. **Long-term impact**
2. **Interests of colleagues**
3. **Fostering business relationships**
4. **Impact on community and environment**
5. **Maintaining reputation for high standards of business conduct**
6. **Acting fairly between members**

Shareholder returns

1 3 6

Share buyback

In September 2023, the Board agreed to a further £300 million share buyback programme, having evaluated the Group's financial and capital allocation priorities in the context of 'Powered by Kingfisher'.

The Board assessed the company's cash position and balance sheet strength against our capital allocation framework and prevailing macroeconomic conditions, taking into account its responsibility to safeguard the long-term success of the company for the benefit of all stakeholders. This included scenario analysis and liquidity, leverage and ratings implications, as well as impact on credit ratings, market sentiment and the company's ability to continue to meet its obligations to the defined benefit pension scheme and its members. The directors weighed up investment and growth opportunities to ensure that funds were not needed elsewhere across the business.

Dividend policy

During the year, the Board recommended a final dividend of 8.60 pence per share and approved an interim dividend of 3.80 pence per share. In reaching their decision, the Board assessed the level of dividend to ensure it was sustainable and aligned with the progressive and sustainable dividend policy expected by shareholders. This included consideration of financial policies, leverage metrics and liquidity, as well the company's obligations to the defined benefit pension scheme. The Board balanced market expectations and trading performance with reinvestment in the business, taking into account the macroeconomic outlook and profit expectations for future years.

Strategy

1 2 3 4 5 6

Acquisition of Connect Distribution assets

The Board was pleased to secure the future of the Connect Distribution Services business ('Connect') in March by acquiring the stock, intellectual property, contracts and fixed assets of Connect out of administration, for a cash consideration of £3 million.

In considering the merits of the acquisition, the Board noted the opportunities for growth within the Connect business along with the potential synergies with other parts of the Kingfisher Group. Aside from the commercial logic of the transaction, the directors also viewed the Connect business as an excellent cultural fit for Screwfix in addition to the benefits associated with helping tradespeople and consumers keep products in use for longer, thereby supporting our Responsible Business agenda.

Marketplace

The Board welcomed the continued growth of the Group's marketplace proposition during the year with B&Q reaching 38% marketplace participation in January 2024.

To further support the scaling and growth of our marketplace capabilities, the Board endorsed a number of expansion plans, taking into account customer expectations for choice and convenience whilst maintaining a high standard of business conduct through the 3P merchants we engage with. These plans include a strategic partnership with *Octopia*, one of the leading marketplace aggregators. Additionally, the Group intends to launch marketplaces in France and Poland in 2024. Both initiatives serve as evidence of our commitment to the accelerate e-commerce element of our strategy.

Stakeholder engagement and decision-making continued

This section details examples of how we have engaged with our key stakeholders during the year and insights gained through this engagement, as well as how this engagement may have influenced the Board's discussions and decision-making.

The Board annual effectiveness review gives directors the opportunity to comment on the prominence of the stakeholder voice in Board decision-making and the effectiveness of each committee, including engagement with its key stakeholders. The annual evaluation process is set out on page 74.

The Board has delegated authority to the Responsible Business Committee for oversight of our Responsible Business governance. Each Responsible Business Committee meeting considers the impact of responsible business issues on our key stakeholders, including colleagues, customers and communities.

More detail can be found in the Responsible Business Committee report on pages 78 to 79.

Customers

Who they are

– Anyone who visits our stores or online platforms.

Why Kingfisher engages

– Customer satisfaction and safety are pivotal to the success of our business. The needs, behaviours and feedback of our customers are collected, assessed, and used to develop our long-term strategy.

How we engage

Group engagement

- Continuous retail and trade customer surveys: over 1.4 million customers surveyed: monitoring customer satisfaction in-store and on our websites; tracking consumer brand perceptions over time against our competitors on a range of issues, including sustainability; monitoring consumer sentiment and home improvement activity levels.
- Commissioning of ad hoc research to gather feedback before and after launching new products, services, or store concepts.
- Regular 'price reality' and 'price perception' monitoring of price indices versus our competitors in key categories.
- Meeting and discussing with customers at Screwfix LIVE Trade Show in September 2023.

Board engagement

- Regular updates on customer opinion, behaviour and feedback, monthly net promoter scores (NPS), and customer insight.
- Receipt of the commercial dashboard on a monthly basis which consolidates a broad range of metrics, including price indices, market trends, competitor activity and customer insight.
- Board teach-ins: trade proposition, Generative AI, and small format stores, including relevant site visits in France, Poland and the UK.
- Receipt of supplementary analysis at a Group and banner level to better understand customer attraction and retention rates.
- Review of the risk of cyber threats facing the company as well as its customers.

Key topics in 2023/24

- Impact of ongoing macroeconomic challenges on customer sentiment, in particular energy cost and inflation.
- Consumer willingness to undertake DIY, particularly in France and Poland.
- Product differentiation around sustainability, in particular energy and water saving.
- Impact of unseasonal weather (particularly in UK and France) on outdoor home improvement activities and spend.
- Challenging conditions for trade customers.

Outcomes and impact on Board decision-making

- Continued transformation of our ranges to support customers to make sustainable choices, for example through the SHP and Green Star propositions.
- Development of trade strategy to better address the specific needs of trade customers.
- Board endorsement of Screwfix as a pure-play online retailer.
- Board endorsement of 2024/25 strategic focus to transform stores and enrich the customer proposition and experience (informed by market context and customer needs).
- Expansion of Screwfix in France to extend customer reach.
- Board endorsement of the marketplace rollout roadmap and order of launch.

Colleagues

Who they are

Colleagues of Kingfisher plc and its subsidiaries.

Why Kingfisher engages

We believe an effective people strategy and strong culture are essential to the successful delivery of our core priorities.

Being able to attract, retain, and develop diverse talent is one important part of fostering a stronger, more inclusive culture, as is incorporating the views of colleagues into decisions and being able to accurately assess their impact.

How we engage

Group engagement

- Engagement by the business with colleagues is set out on pages 14 to 16.

Board engagement

- Regular board and individual director visits to our offices and stores. In 2023 this included: stores (B&Q UK, Screwfix France, Brico Dépôt France, Castorama France and Poland stores), head offices (Screwfix UK, Brico Dépôt France, and Castorama France and Poland); and the Screwfix LIVE event.
- Board briefings on matters affecting the workforce and colleague engagement, including transformation of the Group technology operating model and teams.
- The Kingfisher Colleague Forum (KCF) was established as a joint forum of Kingfisher nominated management representatives and formally elected employee representatives. A non-executive director attends each scheduled meeting.
- Direct engagement by our Senior Independent Director (representative to the KCF), CEO and CPO through attendance at KCF meetings, and feedback to the Board twice a year. In 2023, this included a discussion on executive remuneration.
- Review of progress against key metrics of culture through both informal and formal mechanisms, including a culture dashboard and continuous listening tool.

Key topics in 2023/24

- Inflation and wage increases.
- Employee net promoter score (eNPS) of 57, a 10-point increase in eNPS over three years (and maintaining our position in the top 5% of retailers globally).
- Tackle non-inclusive behaviours and extend impact of inclusion.
- Bring to life the sustainability agenda across the Group.
- Gender representation in senior leadership and management.
- Pay transparency, fairness and equity.

Outcomes and impact on Board decision-making

- Launch of a Group-wide 'Together. Stronger' allyship campaign and monitoring impact of the campaign. This included allyship training which was made available to directors.
- Board-level monitoring of colleague sentiment, including actions to give further insight into colleague sentiment.
- Board endorsement of the new learning and apprenticeship target.
- Monitoring of opportunities and threats presented by Generative AI and endorsement of the Group's approach in this regard.
- People and culture plans shaped to take account of wider trends influencing the external retail environment, increased external scrutiny, and the growing weight of regulation. They also aim to maintain evolving colleague expectations.

Stakeholder engagement and decision-making continued

Investors

Who they are

Equity shareholders and providers of debt funding that contribute capital to our business.

Why Kingfisher engages

Our investors rely on us to protect and manage their capital in a responsible way while generating long-term value. Investors and potential investors need a clear understanding of our business, our growth potential, our strategy to realise that potential, our performance and the risks and uncertainties we are managing.

How we engage

Group engagement

- Holding meetings on an ongoing basis; approximately 750 interactions with 450 institutional investors and sell-side analysts on general business topics.
- Investor and analyst presentations, roadshows, conferences, environmental, social and governance (ESG) fireside chats, store tours and 'teach-in' events, attended as appropriate by the CEO, the CFO, the Chair, the SID and the Responsible Business team.
- Through market disclosures, including results announcements, trading updates and ad hoc updates.
- Engagement with ESG ratings agencies used by many investors and debt providers to gauge sustainability priorities and performance.

Board engagement

- Regular engagement by the CEO, the CFO, and the Chair with investors covering key financial announcements, business performance and specific issues.
- Regular feedback to the Board from investor roadshows and visibility of engagement programme.
- Receipt of reports on investor and financial market sentiment and expectations.
- Engagement with shareholders at Kingfisher's 2023 AGM.

Key topics in 2023/24

- Macroeconomic, housing market and consumer expenditure risks on our business performance.
- Short-term trading conditions in our markets.
- Long-term profitability potential of our French banners.
- Growth initiatives such as Screwfix International, trade, e-commerce, marketplace and retail media.
- Progress on our Responsible Business agenda.
- Free cash flow delivery and working capital dynamics.
- Capital allocation priorities and dividend policy.

Outcomes and impact on Board decision-making

- Board approval of an interim dividend of 3.80 per share for the financial year ended 31 January 2024 and a final dividend of 8.60 per share for the financial year ended 31 January 2023.
- Board approval of a new £300 million share buyback programme.
- Consistent strong performance across priority ESG ratings against the retail sector benchmark.
- Prioritisation of ratings most important to our investors and that reflect on topics material to our business.

Suppliers

Who they are Organisations we work with to deliver products and services to our customers.

Why Kingfisher engages The trusted partnerships we have with our suppliers are critical to meeting customer needs and instrumental in delivering our Responsible Business strategy.

How we engage

Group engagement

- Analysis of data and insights from supplier surveys conducted on an annual basis.
- Supplier engagement on reducing carbon impact.
- Engagement with suppliers on our Code of Conduct and Responsible Business strategy.
- Conducting risk-based anti-bribery and corruption due diligence, and supplier ethical risk assessments and audits which include factory and production site visits.
- Reporting on our payment practices under the UK government's Duty to Report Requirements.

Board engagement

- Consideration of the impact of our climate ambitions on suppliers, including responsible sourcing and climate targets.
- Reviews of the outputs from the annual supplier surveys for our own exclusive brands (OEB) and branded suppliers.
- Board and Audit Committee updates on supply chain resilience and exposure in the context of geopolitical events.
- Annual review of the Modern Slavery Transparency Statement and progress of implementation of the Modern Slavery Action Plan across key areas of the business and supply chain.

Key topics in 2023/24

- Optimising data usage.
- Supply chain and product availability and 'far' and 'near-sourcing' considerations.
- Impact of the rapidly changing external landscape on climate priorities.
- Our approach to human rights.

Outcomes and impact on Board decision-making

- Board endorsement of actions to ensure the Group's sourcing and supply chain resilience.
- Board endorsement of marketplace expansion to continue to improve the supplier proposition, scale data and AI capabilities.
- Established procurement joint venture in France with Mr. Bricolage Group, focusing on common national and international suppliers.
- Board approval of Modern Slavery Transparency Statement.

Stakeholder engagement and decision-making continued

Communities and non-governmental organisations (NGOs)

Who they are

The communities and people who live where we work and where we source from, as well as the NGOs we work alongside.

Why Kingfisher engages

It is important to us that we meet growing expectations on companies to undertake strong environmental, social and governance action, and we are committed to having a positive impact on the lives of our customers, colleagues and communities.

How we engage

Group engagement

- Engagement with this stakeholder category is predominantly undertaken in pursuit of our Responsible Business priorities and therefore captured on page 24-27.
- Collaboration with organisations to develop the inclusivity agenda including the Business Disability Forum and Stonewall, and to tackle modern slavery including partnering with the Slave Free Alliance.
- Collaborating with retail peers through the UN Race to Zero, and the British Retail Consortium's Climate Action Roadmap.

Board engagement

- Presentations from banners regarding initiatives including the B&Q Foundation's Pride campaign supporting LGBTQ+ communities to access safe homes and the Brico Dépôt Iberia Foundation's 20th anniversary celebrations.
- Board and Responsible Business Committee reviews of progress of our community programmes and environmental work.
- Board oversight of Kingfisher's membership to the European DIY Retail Association and the Global Home Improvement Network (EDRA/GHIN), in particular the task force tackling scope 3 emissions.
- Receipt of updates on community investments made during 2023/24.

Key topics in 2023/24

- Building colleague momentum around our community strategies.
- Disaster relief efforts globally in 2023 included the earthquake in Morocco and products donated locally to the French Red Cross to help following flooding in Northern France caused by Storm Daniel.
- Products donated from B&Q stores in Sheffield to the British Red Cross to help following flooding caused by Storm Babet in the UK.
- Fundraising initiatives to support LGBTQ+ charities.

Outcomes and impact on Board decision-making

- Colleagues influenced the Group's decision to support emergency relief efforts following the earthquake in Morocco in September 2023.
- Continuing to exceed the communities programme target to reach over 2 million people in greatest need by 2025 (target met in 2022/23).
- Board monitoring of community investment and endorsement of approach to communities priorities and focus in 2024/25.
- Increased colleague engagement scores on our community work.

Regulators and government

Who they are Bodies that supervise our industry and business activities.

Why Kingfisher engages We value the trust of our stakeholders to fully realise our purpose, provide employment opportunities, and contribute to the economic prosperity of the places where our people live and work.

How we engage

Group engagement

- Direct engagement with the governments and regulators in each of Kingfisher's key markets as well as with the EU.
- Engagement with retail trade associations, including the British Retail Consortium, Eurocommerce, the European DIY Retail Association/Global Home Improvement Network, the French DIY Retail Association, and business associations such as AFEP (France) and Lewiatan (Poland).
- Attendance at government meetings and events, responding to consultations, and participation in parliamentary inquiries.
- Regular engagement with regulators, including in the UK, the Registrar of Companies, the Financial Reporting Council, the London Stock Exchange, the Financial Conduct Authority, and the Information Commissioner's Office on matters of statutory or regulatory compliance.

Board engagement

- Updates on Board and company engagement with regulators, government stakeholders, and political representatives both directly and via industry associations and other partners.
- Receipt of twice-yearly updates on material political issues impacting Kingfisher across its geographies, including monitoring actions and next steps.
- Ongoing monitoring of macroeconomic and geopolitical forces on performance.
- Updates on key governance and regulatory changes that may impact the company.
- Respond to policy consultations and formal information requests.

Key topics in 2023/24

- UK audit and corporate governance reform consultations.
- UK trade skills gap.
- Increased ESG reporting rules (e.g. CSRD, ISSB IFRS, Climate Transition Plan) and regulatory requirements (e.g. EUDR, CBAM).
- Supporting UK business rates relief and energy efficiency programmes and campaigns.
- Impact of EU directives and regulation on late payments and pay transparency.

Outcomes and impact on Board decision-making

- Board endorsement of Kingfisher's approach to prepare for and deliver against upcoming ESG reporting disclosures.
- Progress made on issues, including:
  - trade skill shortage in the UK and measures to support small- and medium-sized enterprises;
  - payments for Extended Producer Responsibility in the UK delayed until 2025;
  - further government measures in the UK for future new energy efficiency programmes; and
  - legislative procedures on changes to the EU Late Payment Regulation slowing until after the European elections.

Responsible Business

Integrating responsible business into everyday operations

Kingfisher has been prioritising responsible business practices for over three decades. Building on our strong environmental, social and governance (ESG) credentials, and as part of our 'Powered by Kingfisher' strategy, we are working to integrate responsible business into all aspects of our business.

Responsible Business governance

Our Responsible Business Committee (RBC) supports and oversees the delivery of the Responsible Business strategy, ensuring that it is robust, transparent, accountable, and integrated into our governance. This includes monitoring performance against the Responsible Business priorities and providing frequent support and advice to the Group Executive and Board on all Responsible Business matters. The Chair of the RBC reports on the Committee's activities to the Board at least twice a year.

Further governance of climate-related risks and opportunities is detailed on page 28 in our response to the Task Force on Climate-related Financial Disclosures (TCFD).

See page 78 for the Responsible Business Committee report.

Our four Responsible Business priorities

We have set out four priority areas for Responsible Business. These focus on where we are committed to delivering positive impact for our colleagues, our customers and their homes, our communities, and our planet. Now into the fourth year of delivery, we continue to make progress across each priority.

We will publish full details of this year's progress in our Responsible Business Report in June 2024.

See page 25 for details on our progress against the targets for our four key priorities.

1 Colleagues

We will be a more inclusive company.

Our commitment
We will be a more inclusive company by breaking down barriers to employment and progression, and by building skills for life.

2 Planet

We will help tackle climate change and continue our journey to become Forest Positive.

Our commitment
We will help tackle climate change by reducing carbon emissions from our business, products, and supply chains. We will work towards becoming Forest Positive through our commitment to responsible sourcing and investing in forest projects.

3 Customers

We will help make greener, healthier homes affordable.

Our commitment
We will help millions of customers have a greener, healthier home – one that is energy efficient, comfortable, uses fewer resources and is affordable to run and maintain.

4 Communities

We will fight to fix bad housing.

Our commitment
We will donate our products, expertise, and time to help people whose housing needs are greatest in the communities we serve.

Colleagues

Our targets

- Improve gender balance to 35% women in senior leadership and 40% women in management by FY 25/26.
- More than 20,000 colleagues will have completed an apprenticeship, traineeship or formal qualification by FY 30/31.

Our progress

- 28.6% of senior leaders and 39.6% of managers are women, compared with 25.8% and 38.9% respectively last year.
- 36.1% of our Group Executive and their direct reports are women, compared with 33.3% last year.
- Exceeded our target of providing five million hours of skills for life learning by FY 25/26 ahead of schedule last year and set a new target that captures the full breadth of learning and development and career progression.
- 5,017 apprenticeships, traineeships and formal qualifications were completed across the Group during the year putting us on track to reach our target.
- Established 17 inclusion and diversity (I&D) affinity networks (linked to Kingfisher's I&D Advisory Forum) across the Group.
- Launched a Group-wide allyship campaign communicating a clear and standardised set of inclusive behaviours expected from all colleagues.

Engagement and inclusivity are part of our People and Culture Plan discussed on pages 14 to 16.

Customers

Our targets

- 60% of Group sales to be from our Sustainable Home Products (SHP) that help create greener, healthier homes, including 70% of sales for our own exclusive brand (OEB) products by FY 25/26.

Our progress

- 49.4% of total Group sales came from SHP (FY 22/23: 46.8%).
- Energy-saving and energy-efficient and water-saving products amounted to 10.1% of SHP sales.
- SHP now accounts for 60.1% of OEB sales (FY 22/23: 56.4%).
- Introduced our Green Star mark online and in store to make it easier for customers to identify and purchase products with a lower impact on the environment (see page 26).
- Improved sustainability performance across several ranges, including the launch of MamaTerra, a new range of natural gardening products.

Planet

Our targets

- 100% responsibly sourced wood and paper for our products and catalogues by FY 25/26.
- Become Forest Positive by FY 25/26.
- Deliver our science-based targets for FY 25/26 to reduce scope 1 and 2 emissions by 37.8% in absolute terms and scope 3 by 40% per £m of turnover (compared with FY 16/17 and FY 17/18 respectively).
- Reach net zero emissions for our operations (scope 1 and 2) by the end of FY 40/41.

Our progress

- 96.6% of the wood and paper used in our products was responsibly sourced (FY 22/23: 94.5%) and 99.9% of catalogue paper.
- Continued to invest in six forest projects in key tropical sourcing regions as a founding member of the Rainforest Alliance Forest Allies. These cover some 190,000 hectares of community managed forests and contribute towards the protection of more than 2,500,000 hectares of protected areas.
- Established local partnerships to restore, create and protect native woodland and forests in the UK, France and Poland.
- Delivered progress against our science-based targets and have reduced operational emissions (scope 1 and 2) by 62.0% since FY 16/17 exceeding our FY 25/26 reduction target.
- Reduced intensity of scope 3 emissions from the supply chain and customer use of products by 41.6% against a FY 17/18 base year, exceeding our 2025 target. The development of a scope 3 net zero target is underway.
- Partnered with other home improvement retailers through the EDRA/GHIN[1] global trade bodies to establish a collaborative task force to help the sector reduce its scope 3 emissions.

Communities

Our targets

- Help more than two million people whose housing needs are greatest by FY 25/26.

Our progress

- Surpassed our FY 25/26 target ahead of schedule, through strong performance and delivery from our banner foundations. We will continue to track performance against this indicator.
- Reached almost 1.2 million people this year through community projects, bringing our total to 3.2 million people helped since FY 16/17.
- Invested £6.1 million in our communities with an additional £2.4 million raised by our colleagues and customers.
- Supported disaster relief efforts this year in Turkey, Syria, Morocco, Libya, France and the UK donating over £300,000.
- Continued our partnerships with national charities, Shelter, Childhood Trust and Macmillan Cancer Support in the UK, Fondation Abbé Pierre and Compagnons Bâtisseurs in France, and Habitat for Humanity in Romania.

1. European DIY Retail Association/The Global Home Improvement Network.

Our Responsible Business fundamentals

Our priorities are underpinned by our commitment to our Responsible Business fundamentals. These are the practices to which we adhere to ensure we continue to operate responsibly across our business.

For each fundamental, we have a clear Group policy that allows us to work effectively with key stakeholders across our functions and banners to continually improve performance.

Responsible sourcing and human rights

We respect, protect and promote the human rights of our colleagues, workers across our supply chain, and others affected by our business activities.

Our Human Rights Policy aligns with international agreements and guidelines, including the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights (which includes the Universal Declaration of Human Rights), the UN Global Compact, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles and UN conventions on the elimination of discrimination.

We work with our suppliers to raise standards on the environment, labour practices, and human rights in our supply chain. Our due diligence includes ethical risk assessment processes, ethical audits, supplier training and engagement and collaboration with human rights experts such as Slave Free Alliance, a victim-focused social enterprise.

We do not tolerate any form of modern slavery in our business or supply chains. Our Modern Slavery Working Group, chaired by our Human Rights Manager, meets three times a year to oversee due diligence and disclosure on human rights and modern slavery. It brings together stakeholders from across the business who are working on ethical sourcing issues. Its action plan includes internal training, supplier training, supplier ethical risk assessment, ethical audit, supplier and colleague engagement, policy and reporting.

For further details and performance data see our Modern Slavery Act Transparency Statement at www.kingfisher.com/Modern-Slavery

Health and safety

We believe every colleague is entitled to a safe working environment. Our Group Head of Health and Safety oversees our approach and is supported by senior management safety committees in each banner and a network of safety professionals.

Each banner has its own team, policies and procedures relating to health and safety. Health and safety leads at banner and Group function level, meet and communicate regularly to share data, strategies and best practice. Each quarter, the Group Executive reviews performance against our key health and safety performance indicators, and the Board do the same twice a year. We also publish our health and performance data annually in our Responsible Business Report.

Helping customers make more sustainable choices

As part of our target to generate 60% of our sales from SHP, we have made it easier for customers to think about the planet when they are shopping with Kingfisher.

Launched in autumn 2023, our Green Star mark signposts customers, in store and online, to products that have a reduced impact on the environment. Customers can access clear and comprehensive information factsheets for further details on why each product has received the mark.

Green Star products have a lower environmental impact because of what they are, what they do, or how they have been made. They are either made from reduced impact material or processes, or they have been designed to help people live with a reduced impact.

The products are reviewed internally and then externally validated according to a set of criteria including 'Saving energy at home', 'Made using lower carbon manufacturing' and 'Extending product lifecycles'. Each criterion has been summarised in factsheets which are available online and in store, enabling our customers to make more informed decisions.

This year we implemented a new Health & Safety software to improve how we record and report accidents, incidents and near-miss incidents across the Group.

Waste and chemicals

We are committed to achieving zero waste to landfill and increasing recycling. In the UK and France, these policy commitments are integrated into the contracts with waste management partners and we regularly review their progress. We are also working to further reduce packaging waste.

We strictly comply with all applicable regulations related to chemicals and where we have identified other chemicals that we consider are not sustainable, we are starting to phase these out of our products. For example, we have committed to remove the use of Chrome VI (hexavalent chromium) in chrome plating from our OEB product ranges by the end of 2024. In FY 23/24 we strengthened our chemical strategy to include a chemical criterion for SHP qualification starting with adhesives and sealants. This is to ensure our chemical strategy going forward aligns with significant regulatory changes expected in the EU in the coming years.

A full update and performance data will be published in our Responsible Business Report in June 2024.

Ethical conduct

Our Code of Conduct summarises our approach to doing business and the ethical standards we expect. It promotes a culture of transparency, honesty and fairness.

Read more at www.kingfisher.com/en/about-us/company-policies

The Code of Conduct applies to all Kingfisher colleagues and third parties. We have supporting policies and an online approval and reporting procedure for gifts and hospitality and conflicts of interest and a policy on competition law.

All colleagues are required to complete annual training on our Code of Conduct. This covers the key principles of the Code of Conduct and how to raise concerns. Colleagues working in sensitive areas of the business or in higher-risk roles also completed additional training on fair competition and market abuse regulation.

Our Group Ethics and Compliance Committee is chaired by our CFO and oversees compliance, identifies priorities and reviews compliance reports and investigations during its quarterly meetings. Local ethics and compliance committees in each of our banners provide ongoing support and insight.

We use a third-party due diligence tool to support our processes in areas such as anti-bribery and corruption, data protection, sanctions and conflict of interest. We operate a confidential whistleblowing hotline. The Board and Audit Committee receive regular updates about whistleblowing reports as well as the outcome of sensitive internal investigations.

For more information see page 82 of the Audit Committee report.

All suppliers must comply with our Code of Conduct and we embed its requirements into our procurement processes and supplier contracts. Potential new suppliers must adhere to our Code of Conduct and ethical requirements.

Our approach to data protection and cyber security is explained in the risk section on pages 60 to 64.

Environmental, social and governance disclosure

We disclose our ESG progress and performance through several external benchmarks including CDP (formerly the Carbon Disclosure Project) and the Workforce Disclosure Initiative (WDI). We align our reporting to the Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD) (see page 28) and the Sustainability Accounting Standards Board (SASB) standards for Multiline and Speciality Retailers and Distributors. Our disclosures also meet the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended sections 414C, 414CA, and 414CB of the Companies Act 2006. Our Non-Financial and Sustainability Information statement on page 47 includes further details of Kingfisher's ESG disclosures. We continue to monitor upcoming regulatory and reporting requirements to evaluate expectations and impacts for Kingfisher, and prepare accordingly.

This year we launched our Responsible Business Databook which allows anyone to access our historic and current performance across our Responsible Business priorities.

For more information visit www.kingfisher.com/responsiblebusiness

Our response to the Task Force on Climate-related Financial Disclosures

Governance

Board-level oversight of climate-related risks and opportunities [TCFD Governance (a)]

The governance of climate-related risks and opportunities is integrated into our overarching Kingfisher governance framework. A visual representation of our governance framework is provided in the corporate governance statement on page 68.

Our **Board of Directors** is our highest governing body and assesses the management of principal risks, including climate change, and reviews our Responsible Business key performance indicators (KPIs) and our external climate change targets on a quarterly basis. The Board reviews our Responsible Business long-term plan twice a year, which in FY 23/24 included our priority actions for delivering on our climate transition plan and scope 1, 2 and 3 science-based targets across the business. The Board also reviews and approves our annual Responsible Business Report which includes detail on our progress to date for climate-related metrics and targets.

Our **CEO** is accountable for overseeing the delivery of our energy and climate change commitments across the group, with climate-related responsibilities sitting within various Board and management committees as follows:

- Our **Group Executive** is responsible for identifying, assessing and managing the principal risks, including climate change, and for reviewing and recommending to the Board on an ongoing basis, key climate-related commitments and transition plans proposed by management. This includes our scope 1 and 2 net zero commitment and investment plan, and scope 3 KPI planning updates.
- Our **Responsible Business Committee** provides frequent support and advice to the Group Executive and Board on all matters relating to responsible business practices (including climate change). The Responsible Business Committee met three times in 2023 and their report is on page 78.
- Our **Group Climate Committee,** chaired by our Chief Executive Officer, meets quarterly with relevant management to monitor the Company's approach to meeting its climate commitments and assessing climate-related risks and opportunities. It has oversight of the Company's approach to developing and delivering its net zero roadmap and related supporting targets. It provides an update to the Group Executive on key decisions and actions. In 2023, this included updates on our current climate commitments and plans going forward across all scopes.
- Our **Group Investment Committee** is directly accountable for all capital and revenue expenditure above the threshold reserved for approval at the banner or Group function level. Energy-related capital investments, which are fully aligned with our scope 1 and 2 emissions reduction targets, are included in the Committee's remit if investment needed exceeds the required threshold levels for review. In 2023 this included approving costs for the installation of solar PV for trial sites in Brico Dépôt Romania.
- Our **Audit Committee** receives updates from management on Kingfisher's compliance with changing sustainability-related reporting requirements, including our TCFD disclosures. In the current year, an ESG working group which monitors climate-related disclosures has been established, comprising key representatives from internal controls and internal audit. Internal audit will also undertake audits of the ESG landscape as part of its annual plan.

Additionally, banner Boards consider their responsible business strategies and climate programmes. They are responsible for implementing the energy-related capital investments approved by the Group Investment Committee, and for delivering progress against our scope 1 and 2 emissions reduction targets. In FY 23/24 a banner dashboard was implemented for banners to report on their net zero roadmap development (across scope 1, 2 and 3) and progress on target delivery. The dashboard is reported on a quarterly basis to the Group Climate Committee and Group Executive.

Information on how our Board engages with stakeholders, including in relation to climate change, is included in our stakeholder engagement section on page 17.

Management's role in assessing and managing climate-related risks and opportunities [TCFD Governance (b)]

The day-to-day assessment and management of climate-related risks and opportunities is conducted through several senior management positions and operational teams:

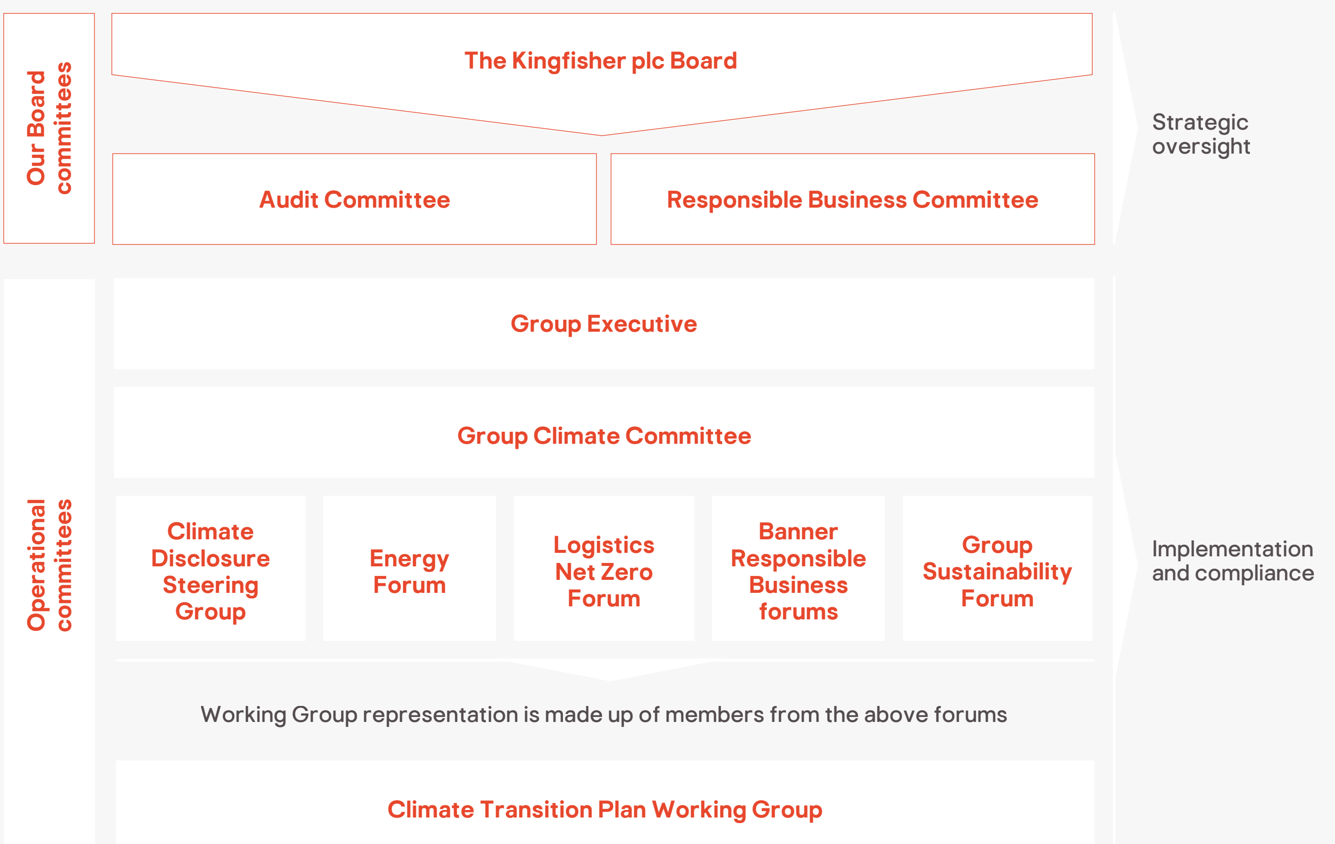
- Our **Responsible Business team**, led by our Director of Responsible Business, is accountable for developing Group-wide climate change strategy, climate-related risk and opportunity identification and assessment, and for external and internal reporting and communication on climate-related matters to the Board and Board committees. The Responsible Business team agree the agendas for the Responsible Business Committee and Group Climate Committee with the respective committee chairs, prioritising updates or decisions on key areas of Kingfisher's climate strategy as necessary. This ensures that management communicates to relevant governing bodies on an ongoing basis.
- Within the Group Offer & Sourcing function, a **Sustainability team** is responsible for driving our Sustainable Home Products (SHPs) strategy and ensuring our product sustainability requirements are embedded into our own exclusive brand (OEB) product ranges, and collaborating with OEB suppliers to reduce their own emissions. The sustainability team reports its progress on actions, including progress on scope 3 emissions reduction planning and supplier engagement, to the Group Climate Committee. It also runs a monthly **Sustainability Forum** with banner sustainability directors and representatives to help co-ordinate sustainability activity across the Group, including scope 3 product-related emissions reductions.
- Each **banner** is responsible for delivering scope 1 and 2 emissions reductions, in line with the contributions of each banner identified under the Group-wide scope 1 and 2 science-based targets. They are also responsible for developing scope 3 emission reduction plans and reporting these back on a quarterly basis using the aforementioned banner net zero dashboards. Banners have their own Responsible Business committees and forums with relevant director representatives that are used to update and grant approval where required on banner climate transition plans.

- To help ensure that climate governance is integrated and aligned across the organisation, we have established an internal **Climate Disclosure Steering Group** (Steering Group) and Group-wide **Climate Transition Plan Working Group**.
  - The **Climate Disclosure Steering Group** is chaired by our Director of Responsible Business. It meets six times a year and includes participation from different group function directors and representatives (including finance, internal audit and risk, responsible business, and the banners). The Steering Group provides guidance on transition planning and reporting, and helps to ensure that these activities are fully integrated into Kingfisher's strategic and financial planning processes. Integration actions are tracked via an actions log whereby Steering Group directors need to report back on progress through the Steering Group meetings. The Steering Group also inputs on relevant updates taken to the Group Climate Committee.
  - The **Climate Transition Plan Working Group** meets on a fortnightly basis and brings together the climate leads from our banners and relevant group functions (such as finance, property, logistics and risk). The objective of the working group is to act as a central point of co-ordination for the development of Kingfisher's climate transition plan, ensuring consistency in transition plan development and risk management across all our banners.
  - The **Logistics Net Zero Forum** is chaired by the Group Logistics Director and meets quarterly with banner logistics directors and representatives to share best practice, discuss new technology and share carbon reduction planning and activity across logistics.
  - The **Energy Forum** is chaired by the Group Head of Energy and meets quarterly with banner energy and property managers to share best practice across banners, review net zero scope 1 and 2 activity plans and report on progress against targets.

Enhancing our governance of climate-related risks and opportunities

We continue to monitor where further knowledge and expertise on climate change-related aspects is required across the Group. We have reviewed competencies at the Board level and have concluded that the Board consists of members who bring in the necessary climate-related expertise. This is achieved through the Chair of Kingfisher's Responsible Business Committee also being on the Board, as well as our CEO who also chairs the Group Climate Committee and is engaged with the EDRA GHIN scope 3 taskforce, and thus remains up to date on all climate-related activities across the Group. We have also worked on strengthening our banner teams' understanding of climate change through the formation of the Climate Transition Plan Working Group and the provision of regular climate-related updates to the banner Responsible Business forums.

Climate governance structure



Strategy

Our strategy for identifying climate-related risks and opportunities is informed by our risk management processes (see risk management on page 59), of which our use of climate-related scenario modelling and analysis is a key component. Where material to our business performance, we consider climate-related risks and opportunities within our strategy development and financial planning. For example, all our banners are required to consider climate transition plan costs as part of this year's financial long-term planning process. Climate change transition planning was also reviewed as part of the Group strategic long-term planning process for Responsible Business.

Our climate-related risks and opportunities [TCFD Strategy (a, b), Metrics and Targets (a)]

We have defined risk time horizons of near-term (0-3 years), medium-term (3-10 years) and long-term (10+ years). This is to reflect the long-term nature of climate-related risks and we currently model risks to 10 years through our climate-related scenario modelling outlined below.

The timelines considered and rationale for selecting them have been provided in the table below.

The list of climate-related risks and opportunities identified as potentially arising in each time-horizon that could have a material impact on the business have been further detailed in table 1.

Time horizon	Description	Rationale for selection
Near-term	0-3 years (2023-2026)	Our near-term risk horizons consider the chance of events creating risk exposure over the next three years which is consistent with the Group's strategic planning period and the period over which the principal risks are considered.
Medium-term	3-10 years (2026–2033)	This time horizon was selected to capture emerging transition risks and opportunities such as carbon taxes and emerging regulations in the geographies we operate in.
Long-term	10+ years (2033 onwards)	Our long-term horizon is influenced by our strategies and targets related to climate change such as our 2040 Scope 1 and 2 net zero strategy and broader Scope 3 roadmap development. As many climate-related physical and transition risks are likely to materialise over a longer term than usual business planning related risks, selecting this time horizon enables us to consider and discuss the potential climate risks and opportunities relevant for us (and capturing the range of uncertainties related to such risks in the long term), while also aligning with relevant long-term global standards and targets. This also covers the long-term investment needed for our climate transition planning.

To guide our disclosure of climate-related risks and opportunities, we define materiality based on gross risk severity levels according to the results of our scenario analysis (see table 2 on page 35). Table 1 on page 31 describes the key climate-related risks and opportunities recognised as having an impact on our business, identified through our risk management and scenario analysis process.

Table 1: List of climate-risks and opportunities identified over short-, medium- and long-term and impacts on business strategy and financial planning [TCFD Strategy (a, b)][1]

		Potential financial implication	
Material climate-related risk or opportunity (including geography and business areas impacted)	**Time horizon**	**Risks**	**Opportunities**
Transition: Customer preference **Elements impacted:** Products and services, supply chain mitigation activities, investment in R&D. **Geography and business areas impacted:** Global product offering with actions to realise opportunities in each market.	Near to medium-term	– Consumers' purchasing behaviours shifting towards purchasing more sustainable products or not buying unsustainable products would lower revenues from products deemed to be unsustainable.	– Opportunities to increase sales of SHP that enable customers to lower the environmental impact of their homes. – Competitive advantage and higher revenue if consumers perceive the brand to be more sustainable than peers.
Transition: Liability **Elements impacted:** Increased costs and reputational damage. **Geography and business areas impacted:** Group functions and banners.	Near-to-medium term	– The business may receive legal challenges or face investigations on green claims from third parties if perceived as overstating the sustainable or 'green' nature of products/services or its commitment to climate change, thus increasing costs required to manage or control such damage. – Increased reputational risks and litigation costs if actions are taken against the company by stakeholders regarding any negative climate-related impacts on the environment and society caused by the business operations. – Increased costs in case of any litigation brought against any directors and officers for failing to account for climate risks or failing to deliver on climate commitments.	– Show market leadership on emissions and climate performance to mitigate liability risks.
Transition: Policy (carbon pricing) **Elements impacted:** Products and services, supply chain mitigation activities, access to capital. **Geography and business areas impacted:** Global supply chains, with actions required to mitigate risks in each market.	Near-to-medium term	– Increased costs of raw materials as suppliers may potentially pass through carbon costs of raw materials-related emissions (upstream scope 3 emissions) to the buyer. – Potential increased operational costs (scope 1 and 2) due to carbon costs of direct emissions. – Potential revenue loss as consumers may incur greater costs for the products and thus overall demand reduces.	– Carbon pricing encourages suppliers to decarbonise and justifies investment in own decarbonisation efforts. – It may also encourage consumers towards purchasing more sustainable products.
Transition: Reputation **Elements impacted:** Increased costs and reputational damage. **Geography and business areas impacted:** Group functions and banners.	Near-to-medium term	– Reduced revenue if consumers move to our competitors as they perceive the business to be less sustainable than its peers.	– Competitive advantage and higher revenue if consumers perceive the business to be more sustainable than peers and indicate increased trust in the business, thus increased overall reputation of the business in the market.

1. Our strategic response to the potential material and financial impacts, and some of the mitigation actions to build our business' resilience against these implications have been provided in table 2: Scenario analysis results on page 35.

Our response to the Task Force on Climate-related Financial Disclosures continued

		Potential financial implication	
Material climate-related risk or opportunity (including geography and business areas impacted)	**Time horizon**	**Risks**	**Opportunities**
Physical: Facilities disruption **Elements impacted:** Operations **Geography and business areas impacted:** Global retail and distribution operations.	Medium to long-term	– Increase in average global temperatures leading to the increased frequency and intensity of extreme weather events, which may cause damage to our facilities (increased costs) and consequently disrupt our retail and distribution operations (decreased revenues).Operations may be disrupted and facilities may be damaged due to adverse weather (increased precipitation causing increased flooding etc.), resulting in higher insurance or repair costs, and lower revenue from productivity losses.	– At some sites, due to a reduction in the likelihood of some hazard events occurring (e.g. riverine flood, flash flood, water stress, windstorm) owing to a change in weather patterns, there could be a risk reduction/insurance saving.
Physical: Raw material supply **Elements impacted:** Products and services, supply chain adaption. **Geography and business areas impacted:** Global wood supply chain.	Medium to long-term	– Changes in the global climate will likely impact the availability of high-quality supplies of certain wood species. This may affect our future ability to generate revenues from wood and paper products.	– Growing conditions may improve in some areas, increasing yields and reducing raw material sourcing costs.

We included three additional transition risks – i) Consumer preference risk ii) Liability risk and iii) Reputational risk in our scenario modelling this year, as these were identified as material risks by the business, given the evolving sustainability landscape and corresponding evolving stakeholder sentiment.

The risks indicated in the table above include the key risks that were modelled as part of our scenario modelling approach (scenario modelling results detailed on page 35 in table 2). However, additionally we also monitor energy and fuel costs related risks and implications for our business (i.e. increased risk of energy and fuel prices due to regulatory changes as well as increased energy demand risk due to changing weather conditions). We aim to reduce the impact of this risk through implementing measures that improve efficiency and reduce carbon intensity of our energy and fuel consumption across the Group, e.g. roll-out of LED lighting and building energy management systems across our estate (further details on other such measures have been provided in the section below). We also aim to reduce our overall energy and carbon emissions in line with our science-based targets (further details on our performance against these targets and metrics for the current year have been provided on page 40). We will also start to review the risk of market disruption caused by extreme weather conditions impacting product demand. This may lead to a risk reduction or opportunity where summer products are purchased more during heatwaves or increase in risk as demand for winter products reduces when there are less freeze events.

Additional impacts of climate-related risks and opportunities on our strategy and financial planning [TCFD Strategy (b)]:

Central to our approach to managing climate-related risks and opportunities is our climate transition plan, along with our Responsible Business priorities and our 'Powered by Kingfisher' strategy. These together highlight how climate change-related impacts are integrated across our strategic and business thinking.

Our commercial strategy includes responsible business practices as a key priority area, which further includes climate change and sustainable home product sales as key focus areas within the agenda. We therefore ensure that we continue monitoring the external environment for risks and opportunities that require further resilience building and adaptation measures.

Our transition plan is centred on our science-based emissions reduction targets (see Metrics and targets section page 40), as part of which we have committed to achieving net zero scope 1 and 2 emissions by the end of 2040/41, 10 years ahead of the UK Government's 2050 target. We are also in the process of reviewing a net zero target for scope 3 emissions.

We increasingly consider the implications of climate-related risks in our financial planning processes. For example, climate capital allocation budgets (e.g. decarbonisation budgets to deliver on zero-carbon energy programmes shown in the case study opposite to support our scope 1 and 2 targets) are reviewed by banners as part of our annual strategic planning process.

Some of our management measures include investments in low-carbon energy technologies, potential revenue considerations from our Sustainable Home Products (SHPs), and inclusion of climate-related targets into our executive remuneration (see Metrics and targets section for details on page 40).

We also have an ongoing £550 million three-year revolving credit facility (since 2021/22) with a group of our relationship banks. The specific targets included within the facility consist of delivering our near-term scope 1 and 2 science-based targets for FY 25/26, which will enable us to access lower interest rates.

Our management approach with regards to how we continue to build and maintain our strategic resilience through ensuring holistic governance has been detailed further in the Governance section on page 28.

Investing in zero-carbon electricity

As of FY 22/23, we purchase electricity from zero-carbon and renewable sources, supported by renewable energy certificates for all our markets.

To further support our net zero transition, we are also investing in generating onsite renewable energy. We installed solar PV panels in over 30 of our stores in Poland in 2023 in addition to the existing installations across 29 stores, offices, and distribution centres in the UK.

We also have biomass boilers that supply energy to two distribution centres and one head office, helping us achieve an overall onsite renewable energy generation capacity of 11.5mn kWh per year.

Our approach to climate scenario analysis [TCFD Strategy (a, c)]

We continue to expand our capabilities and understanding of climate-related risks and opportunities that impact or can potentially impact our business. We do this through a third-party facilitated scenario modelling and analysis, which has been an important tool to assess the Group's strategic and financial resilience to a range of alternative climate futures.

Our scenario modelling capabilities allow us to better understand the exposure of our business to various climate-related risks[1] and impacts across the value chain. This enables us to identify appropriate mitigation measures and action steps and also regularly review and assess the resilience of our business and strategy against these risks and overall net zero plans. We use a 'digital twin' approach for our scenario modelling, which allows us to map the key areas of our value chain and stress test our business under different warming scenarios.

Our scenario modelling approach considers climate-related risks globally and the results indicated in the table on page 35 are presented as global values. We assessed operational risks to our value chain at a country-geographic level, aligned to our key markets. We determined that some regions were more exposed to physical phenomena from heatwaves and flooding, and certain regions were more exposed to transition risks due to having more rigorous public policies covering carbon emissions. However, these risks did not give rise to material impacts for our business currently (a materiality definition is provided in the table 2 on page 35).

1. Risks can be associated with the physical impacts of climate change (i.e. extreme weather events or long-term shifts in precipitation and temperatures), or with the transition to a lower-carbon global economy (e.g. policy and legal actions, technology change, market responses, and reputational considerations).

Our response to the Task Force on Climate-related Financial Disclosures continued

We continue to monitor such risks (e.g. key facility operational risks) on an ongoing basis to identify any mitigation actions required in the future (see scenario results table 2 for additional details).

Our scenario analysis considers the implications of a full range of emissions trajectories and global average temperature increases, each based on climate modelling used by the Intergovernmental Panel on Climate Change, the Network for Greening the Financial System and the International Energy Agency.

For FY 23/24, we modelled nine risks (we are disclosing six of the nine risks that indicate the most material impact for our business) for three climate-warming scenario pathways as explained below.

Global temperature increase[1]	Scenario description
1.5°C	Urgent global policy response delivering net zero global emissions by 2050 and in line with Paris Agreement Ambition. Leads to rapid shifts in energy generation, consumer behaviours and technological innovation. Physical risks increases are limited but transition risks are high.
2.5°C	Implementation of stated climate policies and commitments without further action beyond this. Medium levels of physical and transition risks in the short term, with increasing physical risks over time (also considered as an intermediate scenario as per IPCC Sixth Assessment (AR6) report).
>4°C	No further global policy action is taken on climate change and even current obligations are not met. Emissions therefore continue to grow. Physical risks grow significantly over time but transition risks are low.

1. Average global surface temperature increase above pre-industrial levels by 2100.

All risks indicated are based on the assumption that the business remains static and no mitigation actions are taken (i.e. they represent gross risks only). We have used a discounted cash flow (DCF) percentage to quantify costs of risks in our scenario modelling approach and we have modelled the impacts on a cumulative DCF associated with the six most material risks for our business over a three-year period (as this timeframe aligns with the Group's strategic planning period and the period over which the principal risks are considered). Recognising the long-term nature of climate-related risk we have also modelled five and 10 year periods to review any changes in risk severity over time. The risks considered in our scenario analysis are modelled independently, reflecting the complexity and uncertainty associated with measuring the interconnectivity of risks.

Impact on cumulative DCF is used as a proxy for resilience of our financial and strategic position. The impacts have been rated as low, medium or high to reflect the relative financial materiality of each risk under each scenario. The impact thresholds have been determined following internal analysis and an external benchmarking to ensure that we are consistent with industry norms in our approach to setting materiality thresholds.

The results of our analysis are reported to our Climate Disclosure Steering Group and Group Climate Committee to ensure cross-functional and executive-level decision-making on the management of climate-related risks and opportunities. Further information around the governance on climate-related risks and opportunities has been provided in the TCFD governance section on page 28.

Scenario analysis results [TCFD Strategy (c)]

The financial impacts identified in the table 2 on page 35 reflect the estimated gross incremental impact (i.e. before mitigation actions as explained above) from climate change on the Group's discounted cash flows (DCF) over the next three, five and 10 years. This allows comparison of different risks, whether physical or transition, within a standard framework. A qualitative strategic response and mitigation actions implemented across the business for each risk have been included in the scenario results on page 35. These measures are intended to build operational, regulatory and supply chain resilience of our business to climate change impacts.

Table 2: Results of scenario analysis

Key

Potential materiality impact on Kingfisher's cumulative DCF, assuming no mitigating actions are taken.

Low	Medium	High
<1% of DCF	1%–5% of DCF	>5% of DCF

<table>
<tr><th>Climate-related risk modelled</th><th>Key modelling assumptions</th><th>Impact on cumulative DCF
(see key above for materiality impact)</th><th>Implications for resilience and strategic response/ mitigation actions</th></tr>
<tr><td>1. Consumer preference risk</td>
<td>i Assumes the 2022/23 product mix and markets remain static.
ii Products and services are assigned product scores which applies a ranking to Kingfisher's products in terms of how sustainable they are perceived to be by consumers.
iii The model assumes no mitigation actions are taken and excludes the potential opportunity of sustainable products' growth offsetting the lost sales of less sustainable products.</td>
<td><table>
<tr><th></th><th>1.5°C</th><th>2.5°C</th><th>>4°C</th></tr>
<tr><td>3-year impact</td><td>High</td><td>Medium</td><td>Low</td></tr>
<tr><td>5-year impact</td><td>High</td><td>Medium</td><td>Medium</td></tr>
<tr><td>10-year impact</td><td>High</td><td>High</td><td>Medium</td></tr>
</table></td>
<td>Potential financial implications
– Consumers prefer purchasing sustainable products which could lower revenues from unsustainable products.
Strategic response/mitigation actions
– The commercial opportunities and risks from the transition towards net zero continue to shape our product range and business strategy.
– We have established a headline target to achieve 60% of Group sales from SHP by the end of FY 25/26 (and 70% from our OEB products). See page 43
– for our progress against these targets. Our SHP help to make greener, healthier homes more affordable and can support the delivery of national net zero targets. We are also taking action to reduce the embodied carbon in our product ranges in line with our scope 3 carbon targets.
– We continue to run schemes such as the B&Q Energy Saving Service in the UK (launched in 2022) and other energy efficiency services in our French and Polish banners, and have expanded our energy saving product ranges across our banners to support customers in reducing household energy costs and emissions.</td></tr>
</table>

Our response to the Task Force on Climate-related Financial Disclosures continued

Key	Low	Medium	High
	<1% of DCF	1%-5% of DCF	>5% of DCF

Climate-related risk modelled	Key modelling assumptions	Impact on cumulative DCF (see key above for materiality impact)				Implications for resilience and strategic response/ mitigation actions

2. Liability risk	i Likelihood of climate-related litigation case being brought against Kingfisher is based on its market share, location and emissions intensity, and the chances that the defendant wins, loses or settles.
	ii Addresses the three most prominent types of climate litigation to date: Greenwashing, Directors & Officers Liability, and Public Nuisance & Pollution.
	iii Legal costs are assumed to scale with annual revenues.
			1.5°C	2.5°C	>4°C	**Potential financial implications**
						– Increased costs if the business were sued by third parties for alleged breaches of green claims codes.
						– Increased reputational risks and litigation costs if complaints were raised against companies for their polluting impact on the climate and any public impacts that were faced by society as a result.
						– Increased costs in case of any litigation brought against directors and officers for:
						  – failing to account for climate risks;
						  – misleading stakeholders with inaccurate or incomplete risk disclosures; and
						  – failing to deliver on climate commitments.
						Strategic response/mitigation actions
						– A key pillar of our Responsible Business strategy is our commitment to reducing our emissions in line with the UN goal to limit global warming to 1.5°C (see metrics and targets). We are working on updating our transition plan and continuing to disclose our progress against plan (including through voluntary disclosure such as CDP).

		3-year impact	Medium	Medium	Medium	
		5-year impact	Medium	Medium	Medium	
		10-year impact	High	Medium	High	
3. Policy risk: Carbon pricing	i Assume the 2022/23 emissions mix and markets remains static over the reporting period with emissions growth rate in line with FY 23/24 target growth rates. ii Model focuses on the compliance carbon market (i.e. carbon taxes and emissions trading systems (ETS)). No border adjustments (e.g. CBAM) or specific policies or regulation are considered currently.[1] iii Scope 1, 2 and upstream scope 3 have been considered. For these emissions, the industry carbon price by operating country has been applied. Scope 3 downstream emissions (which relate largely to customer product use) have not been included due to incomplete data to assess carbon pricing on this emission type and the impact this would have on customer purchasing. We will be reviewing these assumptions annually. iv In a 4°C scenario over three, five and 10 years there will be limited policy implementation and, therefore, no change to risk impact.		1.5°C	2.5°C	>4°C	**Potential financial implications** – Higher costs of raw materials (upstream scope 3 emissions) as suppliers pass through carbon costs. – Higher operational costs (scope 1 and 2) from carbon costs of direct emissions. **Strategic response/mitigation actions** – A key element of our strategic response to reduce and/or manage any carbon pricing-related policy risks is through continued monitoring of regulatory and market developments that further inform our Responsible Business strategy and financial planning. – We have a strong track record in reducing our own emissions and are collaborating closely with our suppliers to ensure we are driving positive change. For example, through commitment to generating 60% of Group sales from SHP by the end of FY 25/26, a co-benefit will be reduction of carbon emissions embodied within certain SHP ranges (e.g. through selecting more sustainable materials) and/or emitted when our customers use and dispose our products (e.g. through providing more energy efficient products). – A key pillar of our Responsible Business strategy is our commitment to reducing our emissions in line with the UN's goal to limit global warming to 1.5°C (see metrics and targets). We would expect policy risk to increase if we included downstream scope 3 elements. Further analysis will be needed in FY 24/25 to assess the impact of this risk.
		3-year impact	Low	Low	No impact	
		5-year impact	Medium	Low	No impact	
		10-year impact	Medium	Medium	No impact	

1. The global average carbon prices reached by the end of our three-year time horizon are:
1.5°C= USD 83/tCO_2e
2.5°C = USD 29/tCO_2e
4°C = USD 0/tCO_2e

Key	Low	Medium	High
	<1% of DCF	1%-5% of DCF	>5% of DCF

<table>
<thead>
<tr><th>Climate-related risk modelled</th><th>Key modelling assumptions</th><th>Impact on cumulative DCF (see key above for materiality impact)</th><th>Implications for resilience and strategic response/ mitigation actions</th></tr>
</thead>
<tbody>
<tr>
<td>4. Reputation risk</td>
<td>i Quantifies the uptake of climate activism against sectors and individual companies due to their perceived inaction on climate change.
ii Likelihood of reputational damage due to activism against Kingfisher is based on:
– Emissions intensity (for all emission scopes) compared with industry peers.
– Regional selling locations (UK and Europe).
– Qualitative assessment of Kingfisher's sustainability reporting and credentials.</td>
<td><table>
<tr><th></th><th>1.5°C</th><th>2.5°C</th><th>>4°C</th></tr>
<tr><td>3-year impact</td><td>Low</td><td>Low</td><td>Low</td></tr>
<tr><td>5-year impact</td><td>Medium</td><td>Low</td><td>Medium</td></tr>
<tr><td>10-year impact</td><td>Medium</td><td>Medium</td><td>Medium</td></tr>
</table></td>
<td>Potential financial implications
– Lower revenue if consumers boycott the business as they perceive it to be less sustainable than its peers.
– Risk will tend to be higher for the more extreme temperature scenarios.
Strategic response/mitigation actions
– A key pillar of our Responsible Business strategy is our commitment to reducing our emissions in line with the UN's goal to limit global warming to 1.5°C (see metrics and targets). We are working on updating our transition plan and continuing to disclose our progress against plan (including through voluntary disclosure such as CDP).</td>
</tr>
<tr>
<td>5. Key facility: Operational risk</td>
<td>i Kingfisher owned and leased properties are included in the analysis, supplier facilities are excluded.
ii Any adaption measures such as flood protection across our estate have not been accounted for.
iii Assumes that damage to facilities and operational disruption will be covered by insurance.</td>
<td><table>
<tr><th></th><th>1.5°C</th><th>2.5°C</th><th>>4°C</th></tr>
<tr><td>3-year impact</td><td>Low</td><td>Low</td><td>Low</td></tr>
<tr><td>5-year impact</td><td>Low</td><td>Low</td><td>Low</td></tr>
<tr><td>10-year impact</td><td>Low</td><td>Low</td><td>Low</td></tr>
</table></td>
<td>Potential financial implications
– At the overall facility level (i.e. across all sites), the top three physical climate risks identified that can likely impact Kingfisher include heatwaves, flash flood and water stress-related risks (based on total combined impact).
– We also assessed some of our high-risk sites at an individual site-level basis and identified the highest potential financial implications for these specific sites in terms of revenue loss and property damage as likely to occur due to riverine flooding.
Strategic response/mitigation actions
– We maintain robust continuity planning and insurance programmes (including self-insured policies).
– Additionally, we incorporate climate change factors into the planning and design of new stores, refurbishment projects and preventative maintenance programmes.
– For example, in certain locations, we have implemented location-specific adaptations such as painting store roofs white to aid natural cooling.</td>
</tr>
</tbody>
</table>

Our response to the Task Force on Climate-related Financial Disclosures continued

Key	Low	Medium	High
	<1% of DCF	1%-5% of DCF	>5% of DCF

Climate-related risk modelled	Key modelling assumptions	Impact on cumulative DCF (see key above for materiality impact)	1.5°C	2.5°C	>4°C	Implications for resilience and strategic response/ mitigation actions
6. Raw material Supply risk: Timber supply chain	i Scope of raw materials risk is currently limited to pine, spruce and fir within Europe only (solid wood purchases). ii The impacts of climate conditions on raw material supply are limited to temperature and precipitation. iii Raw material yield reductions result in lower availability of raw materials will cause an reduction in supply of products resulting in lost sales. iv Assumes 2022/23 sourcing footprint remains static.	3-year impact	Low	Low	Low	**Potential financial implications** – Changes in growing conditions reduce suppliers' yield of timber increasing raw material sourcing costs. – Changes in the global climate will likely impact the availability of high-quality supplies of certain wood species. This may affect our future ability to generate revenues from wood and paper products. **Strategic response/mitigation actions** – We will continue to expand our scope of raw materials for risk assessment beyond those considered this year for further comprehensive modelling and corresponding resilience planning. – We will also continually review key suppliers by category to establish capacity and volumes and assess the impact of an interruption in supply. Our supplier strategy includes guidance on when to use more than one supplier to increase resilience. – This is currently a limited risk, but we will continue to track and extend the range of species covered, and also assess our capability to review other raw materials including metals
		5-year impact	Low	Low	Low	
		10-year impact	Low	Low	Low	

Our scenario analysis results indicate that both transition and physical climate-related risks could impact our financial performance and position over the three-year time horizon assessed with low (<1% of DCF) to high (>5% of DCF) severity.

Increased risk due to consumer preference (i.e. an increasing number of consumers' purchasing preferences shifting towards sustainable products), poses the biggest risk to Kingfisher in the three-year outlook considered under a 1.5°C scenario. This is also a risk where we have a strong action plan in place and control over mitigation which could be a potential opportunity (as noted in table 2 above). Increased risk from liability linked to third-party litigation around green claims or contribution to climate change is the second highest risk area followed by increased costs from policy-driven carbon price increases. This risk type ordering and implications remain consistent across the five and 10-year time horizons. Policy risk (carbon pricing) has a low severity impact based on regulatory and policy-driven changes emerging in the landscape over the next three years; however, this will likely increase to medium over time. We also expect policy risk to increase if we include downstream scope 3 emissions into our scenario modelling. Further analysis will be needed in FY 24/25 to assess the impact of this risk. Liability risk has a medium severity impact over the next three and five-years but will likely increase to high risk in the longer 10-year time horizon under the 1.5°C scenario.

Our scenario analysis results do not currently identify any significant impacts on our business model over the three-year time horizon assessed and, therefore, no changes in strategy are required beyond those already being implemented to decarbonise our business in line with limiting global temperature increases to 1.5°C. We will continue to expand our use of scenario analysis to test our resilience to climate-related risk and to inform our strategic and financial planning in line with the TCFD recommendations.

The alignment of the scenarios discussed above and the assumptions and sensitivities identified in table 2 above with our financial statements is described on page 140.

Risk management

The process and steps we follow to identify and manage climate-related risks are integrated into Kingfisher's overall risk management framework to ensure consistency of approach. At the same time, we recognise that climate change also presents opportunities for us to create value for our stakeholders and differentiate ourselves in the market. Further disclosure relating to our consideration of any climate-related opportunities is included in the strategy section on page 30.

Processes for identifying and assessing climate-related risks [TCFD Risk Management (a, c)]

To identify our risks and opportunities we conduct climate scenario modelling testing on an annual basis (also outlined in the strategy section on page 30). This enables us to identify any new or emerging risks that we need to include within our risk management process. All climate-related risks and opportunities are assessed annually and included in our Group Responsible Business risk register managed by the Responsible Business team.

We also use the annual scenario modelling exercise to assess our risks. This year, we undertook a detailed scenario analysis exercise and modelled a total of nine climate risks covering physical and transition risks of which we have disclosed the six key risks that indicate the most material impact for our business. These risks are then incorporated into our Group Responsible Business risk register and assessed on their likelihood of occurrence and their potential financial, legal, business continuity and/or reputational impacts. Using five different impact levels, and five different likelihoods enables us to plot each risk on a 5 x 5 matrix. The location of a risk on this matrix determines the risk severity level (low, medium, high). This is similar to the process followed for other Group business risks and enables us to prioritise climate-related risks and opportunities and helps us determine their relative strategic significance when compared to the other Responsible Business risks and Group risks.

The risk process at Kingfisher uses a three-year outlook, however this year, recognising the long-term nature of climate-related risk, we have developed a climate specific risk matrix within the Responsible Business risk register which reviews risk on near-term (0-3 years), medium-term (3-10 years) and long-term (>10 years) time horizons. Each risk is assessed on a gross and net risk basis (gross risk (assuming no mitigation actions) is used for the scenario modelling, results of which have been detailed above on page 35). We apply qualitative assumptions internally (as part of our internal risk review process) on mitigation actions to achieve a net risk in accordance with our Group-wide risk management framework and as part of the Group Responsible Business risk process.

Our Group-level climate-related risks, including existing and emerging regulatory requirements related to climate change, are identified and assessed as part of our annual review of our Group Responsible Business risk register.

Scrutiny on the validity and reliability of our response to climate-related risks continues to increase each year. This means that we need to constantly focus on ensuring that our approach and efforts to reduce our greenhouse gas emissions in line with climate science are robust and stand up to changing external expectations. Climate change was elevated to a principal risk last year and continued to be in FY 23/24. A full description of our principal risks, setting out their link to Kingfisher's strategic priorities and how principal risks are assessed, can be found on page 59. Our analysis demonstrates a limited impact on our activities over our three-year planning horizon. However, if climate change solutions are not effective this will have longer-term negative consequences for our strategy and affect our ability to serve our customers, including challenging our product availability, supply chain, reputation and cost to operate.

Kingfisher's processes for managing climate-related risks [TCFD Risk Management (b, c)]

To manage and monitor our risks we review every risk across all severity levels (low, medium and high), including existing and emerging regulatory requirements related to climate change (e.g. policy risk within our scenario analysis) within the Group Responsible Business risk register, and develop mitigation management plans as required. This approach reflects the inherent uncertainty in how climate-related risks and opportunities may impact our business in the future. Our approach to managing each identified climate-related risk and opportunity (as identified from our scenario modelling process) is included on table 2 page 35. Our climate risks and opportunities linked to scenario analysis are also reviewed annually by our Climate Disclosure Steering Group.

As climate change is considered a principal risk, we follow a similar principal risk management process as other business principal risks. The Group Climate Committee monitors and assesses the company's approach to assessing climate-related risks and opportunities and the Group Executive and Board review the nature, likelihood and impact of the Group principal risk annually along with any changes since the previous review. This includes reviewing the mitigating actions to ensure that these risks are proactively managed.

Within the business, each banner and Group function is responsible for implementing appropriate actions, controls and procedures in place to manage and monitor their identified risks and to verify that the controls operate effectively. For example, climate-related risks in relation to raw materials for our OEB products in the supply chain are managed by our Offer & Sourcing team responsible for buying goods for resale. This year we also conducted a climate risk update session with all banner risk and control managers to ensure that climate risks are integrated into their respective banner risk registers where relevant.

Metrics and targets

We continually review our climate change metrics and targets to ensure that we are providing the information the business and our stakeholders need to effectively monitor our performance against our climate-related commitments and our progress in building resilience against different climate-related risks identified.

Metrics for assessing climate-related risks and opportunities [TCFD Metrics and Targets (a, b)]

We have identified and established specific metrics, as indicated in table 3 below, to assess and monitor the most significant risks and opportunities arising from climate change.

Detailed performance data for these metrics and progress achieved against the targets, along with historical data for comparative purposes, have been provided below on page 43[1].

Table 3: Kingfisher metrics and targets for identified climate-related impacts [TCFD Metrics and Targets (a, c)]

Climate risk identified	Target	Metrics	Methodology, any key estimate/assumptions or changes from previous year
Transition risks			
Consumer preference	– 60% of Group sales to be from our Sustainable Home Products (SHP) that help create greener, healthier homes, including 70% of sales for our own exclusive brand (OEB) products by FY 25/26.	– % of total Group sales from SHP. – % of total Group sales from OEB products.	– Details on our methodology for calculating these targets (sales from our Sustainable Home Products) can be found in our Responsible Business Data Collection Methodology (www.kingfisher.com/datamethodology).
Policy risk: carbon-pricing	– Deliver our science-based targets for FY 25/26 to reduce scope 1 and 2 emissions by 37.8% in absolute terms. – Reduce scope 3 emissions by 40% per £m of turnover (compared with FY 16/17and FY 17/18 respectively).	– GHG emissions – scope 1, 2 and 3. – Total energy intensity.	– Absolute, market-based, scope 1 and 2 GHG emissions in the financial year for Kingfisher Group. Follows the GHG Protocol. Limited assurance on scope 1 and 2 emissions verified by a third-party. – Scope 3 includes emissions from purchased goods, upstream distribution and our customers' use and consumption of products sold by us. Follows GHG Protocol. (Further details on www.kingfisher.com/datamethodology).
Liability risk	– N/A	– Discounted cash flow at risk.	– We remain committed to disclose against our climate-related targets and build on our disclosure for net zero transition planning.
Reputational risk	– N/A	– Discounted cash flow at risk.	– We also monitor performance on climate change through external disclosure benchmarks, including the CDP climate change disclosure initiative. In FY 23/24, our disclosure score was A- (FY 22/23: A).
Physical risks			
Key facility operational risk	– N/A	– Discounted cash flow at risk.	– DCF at risk metric is calculated through scenario modelling and analysis, results of which are shown on page 37.
Raw material supply risk	– 100% responsibly sourced wood and paper for our products and catalogues by 2025/26.	– Quantity of responsibly sourced wood and paper products (number and percentage of SKUs purchased).	– Details on our methodology for calculating these targets (responsibly sourced wood and paper) can be found in our Responsible Business Data Collection Methodology (www.kingfisher.com/datamethodology).

1. Our metrics have been developed with consideration to the cross-industry, climate-related metric categories described in the TCFD implementation guidance table A2.1 and we will continue to review this guidance for any updates required to our list of metrics in the future (i.e. we will assess the relevance of disclosing information on any additional metrics such as i) capital deployment ii) amount or percentage of business activities or assets exposed to climate risks iii) proportion of revenue or business activities aligned with climate opportunities. We currently only calculate the TCFD recommended metrics most relevant to our business and the climate-related risks and opportunities identified.

Our metrics have been developed with consideration to the cross-industry, climate-related metric categories described in the TCFD implementation guidance table A2.1 and we will continue to review this guidance. We currently only calculate the TCFD-recommended metrics most relevant to our business and the climate-related risks and opportunities identified in the table on page 40. We do not currently use an internal carbon price but this is a future consideration which we will review in FY 24/25.

In addition to the metrics for the climate-related risks indicated above, we are also aware of the climate-related implications associated with aspects such as energy, water and waste and have put corresponding metrics in place for managing and monitoring our performance in these areas.

With regards to specific targets for managing our performance on these aspects, waste management (excluding packaging and plastics, which is considered a separate material topic) remains a medium-priority material topic for our business. However, we continue to remain aligned to our overall ambition to eliminate waste to landfill and reach 90% recycling across our business operations by 2025. Water management was noted to have an increased priority as a material topic in 2022/23; hence, we are now exploring appropriate targets for this area. Further information on these topics and our performance in FY 22/23, as well as comparative data for previous years, have been provided as part of the Responsible Business Performance Data Appendix on page 34 at www.kingfisher.com/dataappendix.

Executive remuneration [TCFD Metrics and Targets (a)]

Our latest Remuneration Policy applicable for the executive directors (as approved at the 2022 AGM), includes the Kingfisher Performance Share Plan which is also used for our senior leadership population. The performance conditions currently attached to awards made under this plan include a basket of three ESG measures, aligned to our Responsible Business agenda. One of these measures is 'Climate Change', specifically 'reductions in scope 1 and scope 2 carbon emissions. The target range attached to awards have been developed taking into account our science-based targets detailed below. Currently the basket of ESG measures accounts for vesting of up to 25% of awards made under the plan, with each ESG measure weighted equally within the basket. For more detail see pages 105 and 106.

Table 4: Our greenhouse gas emissions and energy use data [TCFD Metrics and Targets (b)]

		2023/24			2022/23 (restated)			
Metric	**Unit**	**Global**	**UK only**	**Global (excl. UK)**	**Global**	**UK only**	**Global (excl. UK)**	**% change (global)**
Scope 1	tCO_2e	**96,933**	**62,081**	**34,852**	130,642	85,215	45,427	–25.8%
Scope 2 – location based	tCO_2e	**92,167**	**33,849**	**58,318**	95,870	32,667	63,203	–3.9%
Scope 2 – market based	tCO_2e	**10,763**	**812**	**9,951**	8,288	643	7,645	29.9%
Total scope 1 and 2 – location based	tCO_2e	**189,100**	**95,930**	**93,170**	226,512	117,881	108,630	–16.5%
Total scope 1 and 2 – market based	tCO_2e	**107,696**	**62,893**	**44,804**	138,930	85,858	53,072	–22.5%
Carbon footprint (market-based) per m^2 of floor space	$kgCO_2e/m^2$	**13.6**	**17.6**	**10.3**	17.7	24.3	12.3	–23.2%
Total energy consumption	GWh	**953**	**561**	**392**	1,111	633	478	–14.3%
Total energy intensity	kWh/m^2	**120**	**157**	**90**	142	180	111	–15.1%

Detailed scope 3 emissions data with a detailed category-wise breakdown as per GHG Protocol will be published in our Responsible Business Performance Data Appendix Report for FY 23/24.

Our response to the Task Force on Climate-related Financial Disclosures continued

Table 5: Six-year performance and baseline comparison [TCFD Metrics and Targets (b)]

Metric	Unit	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2016/17 baseline	% change against baseline
Total energy consumption	GWh	**953**	1,111	1,230	1,139	1,193	1,274	1,284	-25.8%
Total scope 1 and 2 – market based	tCO_2e	**107,696**	138,930	214,256	205,767	228,146	232,843	283,696	-62.0%
Carbon footprint (market-based) per m^2 of floor space	$kgCO_2e/m^2$	**13.6**	17.7	27.9	26.7	29.6	30.3	37.8	-64.0%
Carbon footprint (market-based) per £ million turnover	tCO_2e/£m	**8.3**	10.6	16.3	16.9	20.4	20.6	26.1	-68.2%

We calculate our carbon emissions using the CO_2e emission factors published annually by the UK Government (DEFRA/BEIS). The data, as of 2023/24, is calculated using the '2023 UK Government GHG Conversion Factors for Company Reporting', version 1.1 (expiry 10 June 2024). We record activity data (e.g. electricity consumption, gas consumption) and multiply with the relevant emission factors. For all our non-UK operations, we obtain the emission factors from the IEA (IEA Emissions Factors, 2023 edition).

We use an operational control boundary, in line with the operational control approach as defined by the WRI/WBCSD GHG Protocol. We include emissions from our wholly-owned subsidiaries. For our Koçtaş joint venture, as we do not have full operational control, we include proportional emissions under scope 3 (category 15, investments).

Our data covers our material scope 1 and 2 impacts: emissions from property energy use and dedicated delivery fleets. We calculate both our market-based and our location-based emissions from electricity consumption. Our carbon reduction target is based on the market-based emissions.

We have restated FY 22/23 market-based scope 2 emissions to reflect additional data received after the reporting period's closure.

We also updated our methodology last year (FY 22/23) for calculating scope 3 emissions (methodology updated for emissions linked to category 1: purchased goods and services (goods for resale) and category 11: use of sold products), using updated conversion factors and by incorporating additional research data relating to energy using product, which resulted in us restating our baseline and progress made since 2021/22.

Detailed information on the scope of the data and the methodologies used to calculate our data are explained in our Responsible Business Data Collection Methodology document.

In line with the SECR (Streamlined Energy and Carbon Reporting) requirements, we report our emissions and energy use split between the UK and other countries. UK emissions account for 58.4% of global market-based emissions and UK energy use accounts for 58.9% of total energy use. Carbon footprint and energy intensity calculations are based on total floor area of occupied properties. 7,916,231 m^2 in FY 23/24. This is because a significant component of our direct environmental impact derives from our property portfolio. We continue to improve energy efficiency in our operations through various measures, including installing LED lighting and optimising existing heating, cooling, and lighting controls. We are also replacing gas heating systems with electric Air Source Heat Pumps (ASHP) to further enhance energy efficiency. Additionally we are installing on-site solar PV systems to decrease reliance on grid power.

Table 6: Selected scope 3 GHG emissions data [TCFD Metrics and Targets (b)]

Metric	Unit	2023/24	2022/23	2021/22	2017/18 baseline	% change against baseline
Scope 3 GHG emissions: Category 1.1 – purchased goods and services	tCO_2e	**3,117,463**	3,415,939	3,589,851	3,838,277	-18.8%
Scope 3 GHG emissions: Category 11 – use of sold products	tCO_2e	**13,640,218**	15,618,779	17,658,668	21,032,118	-35.1%
Scope 3 GHG emissions	tCO_2e	**16,757,681**	19,034,718	21,248,519	24,870,395	-32.6%
Scope 3 footprint per £ million turnover	tCO_2e/£m	**1,291.0**	1,457.6	1,611.8	2,210.4	-41.6%

The table above includes selected scope 3 GHG emissions from use of sold products and upstream scope 3 GHG emissions from purchased goods for resale and services. Our total scope 3 footprint will be published in the Responsible Business Report in June 2024.

Targets for managing climate-related risks and opportunities [TCFD Metrics and Targets (c)]

We use several climate-related targets for managing climate-related risks and opportunities identified below in table 7.

Our targets have been developed with consideration to the cross-industry, climate-related metric categories described in the TCFD implementation guidance table A2.1. The targets described below have been established as they are most relevant to our business and the management of our material climate-related risks and opportunities.

Additional information, including performance summary and progress against our targets, will be disclosed in our Responsible Business Performance Data Appendix for FY 23/24.

Table 7: Progress on climate-related targets

Target	Performance	Variance in current year vs. interim target
Reach net zero emissions for our operations (scope 1 and 2) by the end of 2040/41.	Performance: **On track** We have reduced absolute scope 1 and 2 emissions by 62.0% since 2016/17. We are currently exceeding our 2025 target and are on track to reduce emissions 90% by 2040.	Exceeded interim target by 31.8 ppts.
Reduce scope 1 and 2 market-based emissions by 37.8% in absolute terms by 2025/26, compared to 2016/17 (science-based targets).	Performance: **On track** We have reduced absolute scope 1 and 2 emissions by 62.0% since 2016/17. We are currently exceeding our target.	Exceeded interim target by 31.8 ppts.
Reduce scope 3 emissions by 40% per £million turnover by 2025/26, compared to 2017/18.	Performance: **On track** We have reduced of our scope 3 emissions intensity from the supply chain and customer use of products by 41.6% since 2017/18. We are currently exceeding our target.	Exceeded interim target by 11.6 ppts.
100% responsibly sourced wood and paper for our products and catalogues by 2025/26.	Performance: **On track** 96.6% of wood and paper in our products was responsibly sourced and 99.9% of catalogue paper.	Products: Exceeded interim target by 2.6 ppts. Catalogues: Missed the interim target by 0.1 ppts.
60% of Group sales to be from our Sustainable Home Products by 2025/26, including 70% of sales for own exclusive brand (OEB) products.	Performance: **On track** 49.4% of our total Group sales came from SHP in 2023/24 For our OEB ranges, we achieved 60.1%.	Total: Exceeded interim target by 0.4 ppts.OEB: Exceeded interim target by 0.1 ppts.

Our science-based emissions reduction targets

Our near-term targets across scopes 1, 2 and 3 (for FY 25/26) are aligned with the methodologies of the Science Based Target initiative (SBTi). Our commitment to reach net zero scope 1 and 2 emissions by 2040 builds on our near-term science-based targets and indicates that we will reduce absolute emissions by at least 90% against our 2016/17 baseline and neutralise any residual emissions.

Each of our targets have been developed in line with our operational control reporting boundary, meaning that we assess 100% of emissions from Kingfisher's banners where we have the full authority to introduce and implement operating policies.

As of this year, we continue to be on track to meet our emissions reduction targets and our priority remains to maintain this progress to meet our near-term targets while also ensuring a strong foundation to be able to achieve our long-term net zero transition. We will continue to expand our transition plan, with consideration of the Transition Plan Taskforce Disclosure Framework and the TCFD Guidance on Metrics, Targets, and Transition Plans.

We are also working towards developing a scope 3 net zero target and supporting roadmap. In 2023/24 we have expanded our work with our suppliers and are working with Manufacture 2030 to support them in calculating and reducing their carbon footprint. Over 400 of our suppliers (including over 500 supplier facilities) have joined Manufacture 2030's Low Carbon Manufacturing Programme (LCMP) to date. We also continue to promote cross-sector climate action through our support for the British Retail Consortium's Climate Action Roadmap. In 2023/24, we were a founding member of a new collaborative task force, initiated by EDRA/GHIN (the global trade bodies for home improvement retailers), to help our sector reduce its scope 3 emissions. The task force will find more consistent, simpler ways to help home improvement retailers measure our emissions, and learn from each other, to drive down our value chain emissions as fast as possible.

Our progress against these targets for the current year, and whether we are on track with our expected performance, has been outlined in the table 7 above.

We do not currently use carbon offsets to claim progress against any of our emissions reduction targets. In line with the SBTi's definition of net zero, we acknowledge that we will be required to neutralise any residual emissions by permanently removing an equivalent volume of CO_2e, once we have achieved a scale of value chain emissions reductions consistent with the depth of abatement at the point of reaching global net zero in 1.5°C pathways.

Our response to the Task Force on Climate-related Financial Disclosures continued

TCFD index

In compliance with FCA Listing Rule 9.8.6R(8), Kingfisher plc is required to disclose on a comply or explain basis, its compliance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Kingfisher is also in scope of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and therefore required to incorporate Climate-related Financial Disclosures (CFD)-aligned climate disclosures in its Annual Report and Accounts. We have prepared our disclosures in accordance with TCFD and in full compliance with the FCA and CFD requirements, as well as considering the findings of the FRC's CRR thematic review. The TCFD index indicating our alignment with each TCFD recommendation (along with any accompanying explanatory notes) has been provided below. The table specifically indicates our response and progress made this year on the action areas identified in previous year's disclosures.

A description of the external assurance of our climate-related financial disclosures can be found in the independent auditor's report to the members of Kingfisher plc on page 114. In addition, our GHG and energy use data is subject to annual independent assurance (ISAE 3000 limited assurance). The assurance statement with details on the scope and conclusion of the work will be published in our 2023/24 Responsible Business Report.

1. TCFD pillar	2. Recommended disclosures	3. Disclosure status (comply/explain)	4. Link to information/ Kingfisher response	5. Additional notes/commentary
Governance	**a) Describe the board's oversight of climate-related risks and opportunities.**	**Comply**	– Governance section page 28 – Board-level oversight of climate-related risks and opportunities. – Governance section page 28 – Board-level oversight of climate-related risks and opportunities (role of GCC, GIC, and banner Boards). – Governance section page 28 – Board-level oversight of climate-related risks and opportunities.	We will continue to ensure holistic Board/Board committees oversight on our climate-related risks and opportunities. As we progress further on our climate commitments, including our net zero targets and transition plan, we will aim to disclose more information on the progress achieved in subsequent reporting cycles.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	**Comply**	– Governance section page 28 – Board-level oversight of climate-related risks and opportunities. – Governance section page 29 – TCFD governance structure (infographic). – Governance section pages 28-29 – management's role in assessing and managing climate-related risks and opportunities.	

1. TCFD pillar	2. Recommended disclosures	3. Disclosure status (comply/explain)	4. Link to information/ Kingfisher response	5. Additional notes/commentary
Strategy	**a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.**	**Comply**	– TCFD strategy section: our climate-related risks and opportunities page 30-32 – table 1: Time horizons – description and rationale for selection. – TCFD strategy section page 30-32 – table 1: List of climate-risks and opportunities identified over short, medium and long term and impacts on business strategy and financial planning. – TCFD strategy section page 33-34 – our approach to climate scenario analysis.	Our scenario modelling approach considers climate-related risks globally and the results indicated in the scenario analysis results table on pages 35-38 are presented as global values. We assessed operational risks to our value chain at a country geographic level, aligned to our key markets. We determined that some regions were more exposed to physical phenomena from heatwaves and flooding, and certain regions were more exposed to transition risks due to having more rigorous public policies covering carbon emissions. However, these risks did not give rise to material impacts for our business currently ('materiality' definition has been provided on page 35).
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	**Comply**	– TCFD strategy section pages 30-32, table 1: List of climate-risks and opportunities identified over short, medium, and long term and impacts on business strategy and financial planning. – Page 33 – additional impacts of climate-related risks and opportunities on our strategy and financial planning. – Page 33 – our approach to climate scenario analysis.	We will continue to disclose relevant information on the implementation of our climate transition plan and progress achieved in subsequent reporting years and also continue to provide additional updates and information about how climate-related risks and opportunities continue to be an integral part of our business strategy and decision-making, as required, including any decision-making related to financial and capital allocation.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Comply**	– TCFD strategy section page 33 - Our approach to climate scenario analysis. – Table 2: climate scenario description. – Page 35 – scenario analysis results. – Table 2: Results of scenario analysis.	Further information on the alignment of the scenarios discussed in the strategy section on pages 33-34, and the assumptions and sensitivities identified in table 2. with our financial statements is described in our financial statements on page 140.
Risk management	**a) Describe the organisation's processes for identifying and assessing climate-related risks.**	**Comply**	– TCFD risk management section page 39 – processes for identifying and assessing climate-related risks.	
	b) Describe the organisation's processes for managing climate related risks.	**Comply**	– TCFD risk management section page 39 – processes for identifying and assessing climate-related risks. – Page 39 – Kingfisher's processes for managing climate-related risks.	

Our response to the Task Force on Climate-related Financial Disclosures continued

1. TCFD pillar	2. Recommended disclosures	3. Disclosure status (comply/explain)	4. Link to information/ Kingfisher response	5. Additional notes/commentary
Risk management	**c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	**Comply**	– TCFD risk management section page 39 – processes for identifying and assessing climate-related risks. – Page 39 – Kingfisher's processes for managing climate-related risks.	
Metrics and targets	**a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**	**Comply** Supplemental guidance – explain. We currently do not disclose forward-looking projections of our key climate metrics due to the level of assumptions that would require to be considered to calculate such future data, which may result in inaccurate projections that we would like to avoid. We may reconsider our position in the future, as necessary.	– TCFD Metrics and targets section – page 40-41 – metrics for assessing climate-related risks and opportunities. – Table 3: Kingfisher metrics and targets for identified climate-related impacts. – Page 41 – executive remuneration.	– Further detailed information on the scope of the data and the methodologies used to calculate our data are also explained in our Responsible Business Data Collection Methodology document (www.kingfisher.com/datamethodology). – We do not currently use an internal carbon price, but this is a future consideration which we will review in FY 24/25. – Our metrics have been developed with consideration to the cross-industry, climate-related metric categories described in the TCFD implementation guidance table A2.1 and we will continue to review this guidance for any updates required to our list of metrics in the future (i.e. we will assess the relevance of disclosing information on any additional metrics such as i) capital deployment, ii) amount or percentage of business activities or assets exposed to climate risks and iii) proportion of revenue or business activities aligned with climate opportunities. We currently only calculate the TCFD recommended metrics most relevant to our business and the climate-related risks and opportunities identified.
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	**Comply**	– Page 42 - table 4: our greenhouse gas emissions and energy use data. – Page 42 - table 5: five-year performance and baseline comparison.	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**Comply**	– Page 43 - targets for managing climate-related risks and opportunities. – Page 40-41 - table 3: Kingfisher metrics and targets for identified climate-related impacts. – Page 43 - table 7: Progress on climate-related targets.	

Non-financial and sustainability information statement

This statement is made in compliance with sections 414CA and 414CB of the Companies Act and provides details of where in this report more information on the matters referred to below may be found.

Reporting requirement	Our approach	Relevant policies	Where to find more information	Page
Environmental matters	We will help tackle climate change by reducing carbon emissions from our business, products and supply chains; and we continue our journey to become Forest Positive by focusing on responsible sourcing and investing in forest projects.	– Environmental Policy – Forest Positive Policy – Sustainable Packaging Policy – Chemicals Policy	– Our strategy – Performance against priorities – Key performance indicators – Supplier engagement – Responsible Business priorities – TCFD disclosures – Climate change risk – Responsible Business Committee report	6 8 10 21 24 28 63 78
Employees	We will be a more inclusive company, by breaking down barriers to employment and progression, and by building skills for life.	– Equal Opportunities Policy – Diversity Policy – Code of Conduct	– Our strategy – Performance against priorities – Key performance indicators – People and culture – Colleague engagement – Responsible Business priorities – Principal risks – our people – Responsible Business Committee report	6 8 10 14 19 24 60 78
Social matters	We will donate our products, expertise and time to help people whose housing needs are greatest in the communities we serve.	– Community Policy	– Performance against priorities – Key performance indicators – Section 172(1) statement – Community and NGO engagement – Responsible Business priorities – Responsible Business Committee report	8 10 17 22 24 78
Human rights	We respect human rights and aim to understand and address the human rights impacts of our business. We work with suppliers across the world to bring our customers great products at great prices, without compromising on our ethical standards.	– Human Rights Policy – Supply Chain Workplace Standards	– Supplier engagement – Responsible Business priorities – Responsible sourcing and human rights – Risks – reputation and trust – Responsible Business Committee report	21 24 26 63 78
Anti-bribery and corruption	We are committed to high ethical standards in all aspects of our business. We put in place clear policies and robust processes to ensure every colleague understands their responsibilities and applies our ethical standards.	– Anti-Bribery and Corruption Policy – Gifts and Hospitality Policy	– Supplier engagement – Responsible Business – ethical conduct – Principal risks – supply chain resilience, legal and regulatory, reputation and trust – Audit Committee report – Internal Audit	21 27 60, 62, 63 83
Description of business model			– Business model	12
Non-financial key performance indicators			– Key performance indicators	10
Principal risks and uncertainties			– Risk management – Principal risks	59 60

Financial review

A summary of the reported financial results for the 12 months ended 31 January 2024 is set out below.

Financial summary	2023/24	2022/23	% Total Change Reported	% Total Change Constant currency	% LFL Change Constant currency
Sales	**£12,980m**	£13,059m	(0.6)%	(1.8)%	(3.1)%
Gross profit	**£4,776m**	£4,795m	(0.4)%	(1.6)%	
Gross margin %	**36.8%**	36.7%	10bps	10bps	
Operating profit	**£580m**	£723m	(20.0)%		
Statutory pre-tax profit (PBT)	**£475m**	£611m	(22.3)%		
Statutory post-tax profit	**£345m**	£471m	(26.7)%		
Statutory basic EPS	**18.2p**	23.8p	(23.5)%		
Net increase/(decrease) in cash[1]	**£84m**	£(555)m	n/a		
Total dividend	**12.40p**	12.40p	–		
Adjusted metrics					
Retail profit	**£749m**	£923m	(18.9)%	(19.5)%	
Retail profit margin %	**5.8%**	7.1%	(130)bps	(130)bps	
Adjusted pre-tax profit (PBT)	**£568m**	£758m	(25.1)%		
Adjusted pre-tax profit margin %	**4.4%**	5.8%	(140)bps		
Adjusted post-tax profit	**£415m**	£589m	(29.2)%		
Adjusted basic EPS	**21.9p**	29.7p	(26.4)%		
Free cash flow	**£514m**	£(40)m	n/a		
Net debt[2]	**£(2,116)m**	£(2,274)m	n/a		

1. Net increase/(decrease) in cash and cash equivalents and bank overdrafts.
2. Net debt includes £2,367 million of lease liabilities under IFRS 16 in FY 23/24 (FY 22/23: £2,444 million).

Sales

Total sales decreased by 1.8% on a constant currency basis, to £12,980 million, reflecting a resilient performance in core categories, particularly in the UK & Ireland, and the adverse impact of weaker 'big-ticket' sales in the latter part of the year and unseasonal weather on seasonal category sales. By geography, a positive sales performance in the UK & Ireland was offset by lower sales in France, where the trading environment was impacted by low consumer confidence, particularly in the second half of the year. Sales were also lower in Poland, Iberia and Romania, where we faced tough comparatives and a weak consumer environment. On a reported basis, which includes the impact of exchange rates, total sales decreased by 0.6%.

Like-for-like sales

Like-for-like (LFL) sales of -3.1% excludes a +1.3% sales impact from a net increase in space, driven by Screwfix store openings in the UK & Ireland and Castorama in Poland, and the acquisition of assets of Connect Distribution Services Limited (renamed Screwfix Spares). During the year, we opened 76 new stores (including 49 stores in the UK, five in Ireland, 17 in France including 15 Screwfix stores, and five in Poland). We closed one Screwfix store and eight grocery concession stores in the UK, and one Brico Dépôt store in Romania.

Gross margin

Gross margin % increased by 10 basis points on a constant currency and reported basis, reflecting effective management of inflation and supplier negotiations, partially offset by higher customer participation in promotional activity in France and Poland. In H2, gross margin % increased on a constant currency basis by 60 basis points. Group gross profit decreased by 1.6% in constant currency.

Retail profit

In constant currency, retail profit decreased by 19.5%, largely reflecting lower gross profits in France and Poland, and higher operating costs in the UK & Ireland and Poland. On a reported basis, retail profit decreased by 18.9%. Operating costs increased by 2.7% on a constant currency basis, largely reflecting cost inflation, including year-on-year increases in pay rates and energy costs, as expected, as well as higher technology spend, higher costs associated with space growth and new store openings, and charges related to ineffective foreign exchange hedges in H1. The increase in operating costs was partially offset through flexing our staffing levels and variable costs, and structural savings achieved by our cost reduction programme. In H2, our banners in France and Poland strengthened their actions on cost management, resulting in operating costs being limited to an increase of 1.3% year-on-year. The Group's retail profit margin % decreased by 130 basis points on a constant currency basis to 5.8% (FY 22/23: 7.1%, at reported rates). In H2, retail profit margin % decreased on a constant currency basis by 70 basis points to 5.2%.

Adjusted pre-tax profit

Adjusted pre-tax profit decreased by 25.1% to £568 million (FY 22/23: £758 million), reflecting lower retail profit, higher central costs (including the impact of insurance claim deductibles in the UK & Ireland and Poland) and higher share of JV interest and tax (reflecting accounting under high inflation and related higher interest rates in our joint venture Koçtaş), partially offset by lower net finance costs. Adjusted pre-tax profit margin % decreased by 140 basis points to 4.4% (FY 22/23: 5.8%).

Statutory pre-tax profit

Statutory pre-tax profit decreased by 22.3% to £475 million (FY 22/23: £611 million). This reflects lower operating profit, including the impacts of impairments (see adjusting items below).

A reconciliation from the adjusted basis to the statutory basis for pre-tax profit is set out below:

	2023/24 £m	2022/23 £m	Increase/ (decrease)
Retail profit (constant currency)	**749**	930	(19.5)%
Impact of exchange rates	**–**	(7)	n/a
Retail profit (reported)	**749**	923	(18.9)%
Central costs	**(60)**	(49)	(22.9)%
Share of interest and tax of joint ventures & associates	**(16)**	(4)	n/a
Net finance costs	**(105)**	(112)	+6.1%
Adjusted pre-tax profit	**568**	758	(25.1)%
Adjusting items before tax	**(93)**	(147)	n/a
Statutory pre-tax profit	**475**	611	(22.3)%

Net finance costs of £105 million (FY 22/23: £112 million) consist principally of interest on IFRS 16 lease liabilities. The year-on-year decrease was largely due to higher interest income on cash deposits.

Adjusting items after tax were a total charge of £70 million (FY 22/23: charge of £118 million), as detailed below:

	2023/24 £m Gain/(charge)	2022/23 £m Gain/(charge)
Net store asset impairment charges	**(76)**	(139)
Operating model restructuring	**(11)**	–
Release of France and other restructuring provisions	**–**	3
NeedHelp goodwill impairment	**(8)**	–
Romania goodwill impairment	**–**	(16)
Release of Castorama Russia disposal warranty liability	**–**	4
Profit on disposal of Crealfi associate investment	**2**	–
Profit on exit of properties	**–**	1
Adjusting items before tax	**(93)**	(147)
Prior year and other adjusting tax items	**23**	29
Adjusting items after tax	**(70)**	(118)

In consideration of our FY 23/24 performance, we have revised future projections for a number of stores across the Group's portfolio. This has resulted in the recognition of £76 million of net store impairment charges in the year. Impairment charges of £104 million have been recorded principally in France, Romania and the UK, partially offset by impairment reversals of £28 million principally in the UK. During the year, the Group commenced formal consultations with employee representatives regarding a proposed restructuring of the Group technology operating model. Charges of £11 million have been recorded, primarily related to this programme. The total cost of the programme is expected to reach c.£15 million by FY 24/25. An impairment charge of £8 million has been recorded relating to the goodwill originally recorded on the acquisition of NeedHelp in FY 20/21, principally driven by revised financial projections. On 30 June 2023, the Group completed the disposal of its 49% interest in its French associate investment Crealfi S.A., resulting in a gain on disposal of £2 million.

Prior year and other adjusting tax items relate principally to deferred tax credits recorded in respect of the impairment and restructuring expenses noted above, movements in prior year provisions to reflect a reassessment of expected outcomes, agreed positions with tax authorities and items that have time-expired. Please refer to note 10 of the consolidated financial statements.

Financial review continued

Taxation

The Group's adjusted effective tax rate (ETR) is sensitive to the blend of tax rates and profits in the Group's various jurisdictions. It is higher than the UK statutory rate because of the amount of Group profit that is earned in higher tax jurisdictions. The adjusted ETR, calculated on profit before adjusting items, prior year tax adjustments and the impact of future rate changes, is 27% (FY 22/23: 22%). The adjusted ETR is higher than the prior year rate primarily due to the increase in the UK statutory tax rate which took effect on 1 April 2023. Other factors include the impact of a lower share of Group profit from Poland (statutory tax rate of 19%), and increased losses in territories in which tax credits are not recognised.

The statutory effective tax rate includes the impact of adjusting items (including prior year tax items). The impact of these result in a statutory effective tax rate of 27%.

	Pre-tax profit £m	**Tax £m**	**2023/24 %**	Pre-tax profit £m	Tax £m	2022/23 %
Adjusted effective tax rate	**568**	**(153)**	**27%**	758	(169)	22%
Adjusting items	**(93)**	**23**		(147)	29	
Statutory effective tax rate	**475**	**(130)**	**27%**	611	(140)	23%

In FY 21/22, Kingfisher paid £64 million (including interest) to HM Revenue & Customs in relation to the European Commission's 2019 state aid decision concerning the UK's controlled foreign company tax rules. The General Court of the European Union dismissed several of the appeals in June 2022 and the decision is now pending with the European Court of Justice. The Group continues to recognise the amounts paid, together with a further £4 million of accrued repayment interest, as a non-current tax asset, based on its assessment that its appeal will ultimately be successful. Please refer to note 35 of the consolidated financial statements.

The statutory tax rates applicable to this financial year and the expected statutory tax rates for next year in our main jurisdictions are as follows:

	Statutory tax rate 2024/25	Statutory tax rate 2023/24
UK	25%	24%
France	26%	26%
Poland	19%	19%

Adjusted basic earnings per share decreased by 26.4% to 21.9p (FY 22/23: 29.7p), which excludes the impact of adjusting items. Basic earnings per share decreased by 23.5% to 18.2p (FY 22/23: 23.8p).

	Earnings[1] £m	**2023/24 EPS pence**	Earnings[1] £m	2022/23 EPS pence
Adjusted basic earnings per share	**415**	**21.9**	589	29.7
Adjusting items before tax	**(93)**	**(4.9)**	(147)	(7.4)
Prior year and other adjusting tax items	**23**	**1.2**	29	1.5
Basic earnings per share	**345**	**18.2**	471	23.8

1. Earnings figures presented reconcile adjusted post-tax profits to statutory post-tax profits.

Tax contribution

Kingfisher makes a significant economic contribution to the countries in which it operates. In 2023/24 it contributed £2.2 billion in taxes it both pays and collects for these governments. The Group pays tax on its profits, its properties, in employing over 78,000 people, in environmental levies, in customs duties and levies as well as other local taxes. The most significant taxes it collects for governments are the sales taxes charged to its customers on their purchases (VAT) and employee payroll-related taxes. Taxes paid and collected together represent Kingfisher's total tax contribution which is shown below:

Total taxes paid as a result of Group operations	**2023/24 £bn**	2022/23[1] £bn
Taxes borne	**0.7**	0.8
Taxes collected	**1.5**	1.5
Total tax contribution	**2.2**	2.3

1. 2022/23 comparatives are presented on a constant currency basis.

Kingfisher participates in the Total Tax Contribution survey that PwC perform for the 100 Group of Finance Directors. The 2023 survey ranked Kingfisher 28th (2022: 23rd) for its Total Tax Contribution in the UK. In 2023, 92 (2022: 95) companies contributed to the survey.

Taxation governance and risk management

The Kingfisher Code of Conduct applies high standards of transparency, honesty and fairness to our employees and suppliers. The Code requires that we carry out our work ethically and in compliance with the law. We have a zero-tolerance approach to tax evasion and the facilitation of tax evasion. These principles underpin our approach to tax. Our core tax objectives are to pay the right amount of tax at the right time and to comply with all relevant tax legislation in all Group entities. We undertake our activities and pay tax in the countries in which we operate in compliance with the local and worldwide tax rules. These tax objectives are met through the application of the Group Tax Standards, which are Board approved, and other relevant Group policies and standards, which document our approach to tax compliance, tax risk management and tax planning to ensure that consistent minimum standards are observed throughout the Group.

The responsibility for tax policy and management of tax risks lies with the Chief Financial Officer and the Group Tax Director who engage regularly with the Board and the Audit Committee on all tax matters.

Tax risks can arise from changes in law, differences in interpretation of law and the failure to comply with the applicable rules and procedures. The Group seeks to take a balanced approach to tax risk having regard to the interests of all stakeholders including investors, customers, staff and the governments and communities in the countries in which it operates. As a multinational group, operating in an increasingly complex and changing international corporate tax environment, some risk is unavoidable.

Kingfisher manages and controls this risk through local management, the tax specialists that it employs and agile monitoring of changes in law and interpretation of law. The Group may engage with reputable professional firms on areas of significant complexity, uncertainty or materiality, to support it in complying with its tax strategy. Group companies work within a tax controls framework, and compliance with this is monitored by the Internal Audit and Risk team.

The Group seeks to engage with tax authorities with professionalism, honesty and respect. It works with all tax authorities in a timely and constructive manner to resolve disputes where they arise, although it is prepared to litigate where this is not possible.

Dividends

The Board has proposed a final dividend per share of 8.60p (FY 22/23 final dividend: 8.60p). Taken alongside the interim dividend already paid of 3.80p, this results in a proposed total dividend per share of 12.40p in respect of FY 23/24 (FY 22/23: 12.40p). The final dividend is subject to shareholder approval at the Annual General Meeting on 20 June 2024, and if approved will be paid on 25 June 2024 to shareholders on the register at close of business on 17 May 2024. The shares will go ex-dividend on 16 May 2024. A Dividend Reinvestment Plan (DRIP) is available to shareholders who would prefer to invest their dividends in the Company's shares. The last date for receipt of DRIP elections is 4 June 2024.

Management of balance sheet and liquidity risk and financing

Management of cash and debt facilities

Kingfisher regularly reviews the level of cash and debt facilities required to fund its activities. This involves preparing a prudent cash flow forecast for the medium term, determining the level of debt facilities required to fund the business, planning for repayment or refinancing of debt, and identifying an appropriate amount of headroom to provide a reserve against unexpected outflows and/or impacts to cash inflows. To retain financial flexibility, we aim to maintain strong liquidity headroom (including cash and cash equivalents, and committed debt facilities), which is currently set at a minimum of £800 million.

Net debt to EBITDA

As of 31 January 2024, the Group had £2,116 million (FY 22/23: £2,274 million) of net debt on its balance sheet including £2,367 million (FY 22/23: £2,444 million) of total lease liabilities.

The ratio of the Group's net debt to EBITDA was 1.6 times as of 31 January 2024 (1.6 times as of 31 January 2023). At this level, the Group has financial flexibility whilst retaining an efficient cost of capital. The Group's maximum net debt to EBITDA is 2.0 times over the medium term.

Net debt to EBITDA is set out below:

	2023/24 £m	2022/23 £m
Retail profit	**749**	923
Central costs	**(60)**	(49)
Depreciation and amortisation	**641**	582
EBITDA	**1,330**	1,456
Net debt	**2,116**	2,274
Net debt to EBITDA	**1.6**	1.6

Financial review continued

Credit ratings

Kingfisher holds a BBB credit rating with Fitch, (P) Baa2 rating with Moody's, and a BBB rating with Standard and Poor's. The Outlook is Stable across all three agencies.

Revolving credit facility

The Group has a £550 million Revolving Credit Facility (RCF) agreement in place with a group of its relationship banks, linked to sustainability and community-based targets, of which c.£50 million expires in May 2025 and c.£500 million expires in May 2026. As of 31 January 2024, this RCF was undrawn.

Term loans

In FY 22/23, the Group entered into two fixed term loans: £50 million maturing in December 2024 and £50 million maturing in January 2025, with the latter linked to the Group's sustainability and community-based targets. In FY 23/24, the two term loans were extended to June 2025 and January 2026 respectively.

Covenants

The terms of the committed RCF and both term loans require that the ratio of Group operating profit (excluding adjusting items) to net interest payable (excluding interest on IFRS 16 lease liabilities) must be no less than 3:1 for the preceding 12 months as at the half and full year-ends. As of 31 January 2024, Kingfisher was compliant with this requirement.

Total liquidity

As of 31 January 2024, the Group had access to over £900 million in total liquidity, including cash and cash equivalents of £353 million (net of bank overdrafts) and access to a £550 million RCF.

Free cash flow

A reconciliation of free cash flow is set out below:

	2023/24 £m	2022/23 £m
Operating profit	**580**	723
Adjusting items	**93**	147
Operating profit (before adjusting items)	**673**	870
Other non-cash items[1]	**673**	612
Change in working capital	**118**	(469)
Pensions and provisions	**(5)**	(20)
Net rent paid	**(474)**	(454)
Operating cash flow	**985**	539
Net interest received/(paid)	**9**	–
Tax paid	**(117)**	(130)
Gross capital expenditure	**(363)**	(449)
Free cash flow	**514**	(40)
Ordinary dividends paid	**(237)**	(246)
Share buybacks	**(160)**	(337)
Share purchase for employee incentive schemes	**(24)**	(9)
Disposal of Castorama Russia	**–**	8
French tax authority payment	**–**	(34)
Disposal of Crealfi S.A. and acquisition of assets of Connect Distribution Services Limited	**6**	–
Disposal of assets and other[2]	**(15)**	4
Net cash flow	**84**	(654)
Opening net debt	**(2,274)**	(1,572)
Movements in lease liabilities	**71**	(41)
Other movement including foreign exchange	**3**	(7)
Closing net debt	**(2,116)**	(2,274)

1. Includes depreciation and amortisation, share-based compensation charge and pension operating cost.
2. Includes adjusting cash flow items (principally comprising restructuring costs), partially offset by proceeds from the issue of new shares, dividends from joint ventures and associates, and disposal of assets.

Operating profit (before adjusting items) was £197 million lower than last year, reflecting lower retail profit, higher central costs and higher share of JV interest and tax. The working capital inflow of £118 million was primarily driven by a decrease in net inventory of £132 million, reflecting lower purchasing, a reduction in seasonal and 'buffer' stock, product mix and strategic reduction initiatives; partially offset by product cost inflation and new stores. Due to more normalised purchasing patterns compared to prior years, the movement in payables was broadly stable, decreasing by £8 million. Receivables increased by £6 million.

Gross capital expenditure was £363 million, decreasing by 19% (FY 22/23: £449 million). Of this expenditure, 35% was invested in refreshing, maintaining and adapting existing stores (including renewable energy initiatives), 18% on new stores, 34% on technology and digital development, 7% on range reviews and 6% on other areas including supply chain investment.

Overall, free cash flow for the year was £514 million (FY 22/23: £(40) million). Net debt as of 31 January 2024 (including IFRS 16 lease liabilities) was £2,116 million (FY 22/23: £2,274 million).

A reconciliation of free cash flow and net cash flow to the statutory net movement in cash and cash equivalents and bank overdrafts is set out below:

	2023/24 £m	2022/23 £m
Free cash flow	**514**	(40)
Ordinary dividends paid	**(237)**	(246)
Share buybacks	**(160)**	(337)
Share purchase for employee incentive schemes	**(24)**	(9)
Disposal of Castorama Russia	**–**	8
French tax authority payment	**–**	(34)
Disposal of Crealfi S.A. and acquisition of assets of Connect Distribution Services Limited	**6**	–
Disposal of assets and other[1]	**(15)**	4
Net cash flow	**84**	(654)
Issue of fixed term debt	**–**	99
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**84**	(555)

1. Includes adjusting cash flow items (principally comprising restructuring costs), partially offset by proceeds from the issue of new shares, dividends from joint ventures and associates, and disposal of assets.

Return on capital employed (ROCE)

In FY 23/24, Kingfisher's post-tax ROCE was 7.8% (FY 22/23: 10.9%). The decrease was driven by lower profits in all geographic divisions. Kingfisher's weighted average cost of capital (WACC) was 8.8% (FY 22/23: 9.3%).

ROCE by geographic division is analysed below:

	Sales £bn	Proportion of Group sales	Capital employed (CE) £bn	Proportion of Group CE	**ROCE 2023/24**	ROCE 2022/23
UK & Ireland	6.4	49.2%	2.9	45.4%	**14.5%**	16.3%
France	4.2	32.7%	1.7	27.0%	**5.9%**	8.4%
Other International	2.4	18.1%	1.4	22.3%	**3.9%**	9.1%
Central			0.4	5.3%		
Total	**13.0**		**6.4**		**7.8%**	10.9%

Capital risk management

The Group's objectives when managing capital are:

- to invest in the business where economic returns are attractive;
- to maintain a solid investment grade credit rating;
- to safeguard the Group's ability to continue as a going concern and retain financial flexibility;
- to provide attractive returns to shareholders; and
- over the medium term, maximum net debt to EBITDA on an IFRS 16 basis of 2.0 times.

The Group manages its capital through:

- a continued focus on free cash flow generation;
- setting the level of capital expenditure and dividend in the context of its current year trading outlook and forecast free cash flow generation;
- rigorous review of capital investments and post investment reviews to drive better returns; and
- monitoring the level of the Group's financial and leasehold debt in the context of Group performance and its credit rating.

Our target ordinary dividend cover range is 2.25 to 2.75 times, based on adjusted basic earnings per share. We may move outside of this target range, temporarily, from time to time. Overall, our aim is to grow the ordinary dividend progressively over time. If surplus capital remains after having achieved all the above objectives, the Board will return surplus capital to shareholders via a share buyback programme or special dividends.

Kingfisher Insurance Designated Activity Company (Ireland), a wholly-owned subsidiary, is subject to minimum capital requirements as a consequence of its insurance activities. The Group complied with the externally imposed capital requirements during the year.

Property

Kingfisher owns a significant property portfolio, the majority of which is used for trading purposes. A formal valuation of the portfolio was undertaken by external professional valuers in October 2023. Based on this exercise, on a sale and leaseback basis with Kingfisher in occupancy, the value of the property portfolio was £2.7 billion (FY 22/23: £2.8 billion). This is compared to a net book value of £2.2 billion (FY 22/23: £2.2 billion) recorded in the financial statements (including investment property and property included within assets held for sale). Balance sheet values were frozen as of 1 February 2004, on transition to IFRS.

	2023/24 £bn	**2023/24 Yields**	2022/23 £bn	2022/23 Yields
France	**1.3**	**8.6%**	1.4	8.1%
UK	**0.5**	**7.5%**	0.5	7.2%
Poland	**0.7**	**8.3%**	0.7	8.0%
Other	**0.2**	**n/a**	0.2	n/a
Total	**2.7**		2.8	

Pensions

As of 31 January 2024, the Group had a net surplus of £99 million (FY 22/23: £137 million net surplus) in relation to defined benefit pension arrangements, of which a £212 million surplus (FY 22/23: £251 million surplus) was in relation to the UK scheme. The net surplus has reduced primarily due to the UK scheme, where asset losses were greater than the reduction in the accounting liability; the latter arising mainly from a higher discount rate (net of inflation). As part of the funding valuation exercise completed in the prior year, the Trustee and Kingfisher agreed to cease annual employer contributions from August 2022 to July 2025. The accounting valuation is sensitive to a number of assumptions and market rates which are likely to fluctuate in the future. Please refer to note 28 of the consolidated financial statements.

Trading review by division

UK & Ireland

£m	2023/24	2022/23	% Reported Change	% Constant Currency Change	% LFL Change
B&Q	**3,849**	3,835	+0.4%	+0.3%	+0.4%
Screwfix	**2,538**	2,365	+7.3%	+7.3%	+1.4%
Total sales	**6,387**	**6,200**	**+3.0%**	**+3.0%**	**+0.8%**
Retail profit	**555**	**603**	**(8.0)%**	**(8.0)%**	
Retail profit margin %	**8.7%**	9.7%	(100)bps	(100)bps	

UK & Ireland sales increased by 3.0% (LFL +0.8%) to £6,387 million, supported by resilient e-commerce and trade customer sales. Core categories performed well, supported by an improving underlying volume trend through the year, while retail sales in 'big-ticket' categories (i.e., kitchen and bathroom & storage) weakened in H2. Seasonal categories were impacted by adverse weather patterns during the year, particularly in Q1 and Q4, but notably improved in H2 relative to the first half of the year. B&Q, TradePoint and Screwfix all gained market share (as measured by BRC, Barclays and GfK), strengthening their competitive positions in the UK home improvement market. Gross margin % increased by 40 basis points, reflecting effective management of inflation and favourable channel mix impacts due to the strong growth of B&Q's e-commerce marketplace.

Retail profit decreased by 8.0% to £555 million (FY 22/23: £603 million, at reported rates), due to higher operating costs. Operating costs increased by 8.0%, driven by cost inflation, including year-on-year increases in staff and energy costs, higher costs associated with 45 net new store openings (year-on-year), and higher technology spend. Cost increases were partially offset through structural savings achieved by our cost reduction programme. Retail profit margin % decreased by 100 basis points to 8.7% (FY 22/23: 9.7%).

B&Q

B&Q total sales increased by 0.3% (LFL +0.4%) to £3,849 million, with LFL sales growth in surfaces & décor and tools & hardware categories and resilient sales in building & joinery and outdoor. Sales trends slowed in H2 (LFL -0.2%), particularly in Q4, with a weaker performance seen in 'big-ticket' categories and warmer weather impacting the sales of EPHC (electricals, plumbing, heating & cooling). B&Q's total e-commerce sales increased by 21.5% year-on-year, driven by the strong growth of B&Q's marketplace. B&Q's e-commerce sales penetration was 13% (FY 22/23: 11%; FY 19/20: 5%). The business opened one medium-box (small retail park) and two compact 'B&Q Local' stores in the year, and closed all eight of its grocery concession stores. As of 31 January 2024, B&Q had a total of 311 stores in the UK & Ireland.

TradePoint

B&Q's trade-focused banner, TradePoint, delivered a good performance supported by resilient demand from trade customers. LFL sales for TradePoint were up 0.7%, despite tough comparatives, with penetration of B&Q sales at 22% (FY 22/23: 22%). A strong performance was seen in the surfaces & décor and tools & hardware categories. In H2, TradePoint's LFL sales improved to +3.6%. Sales to trade customers of 'big-ticket' categories also improved in the second half of the year, with resilient sales of bathroom & storage. TradePoint opened 21 new counters in the UK & Ireland, extending its presence within the B&Q store network to 209 stores (67% of stores).

Screwfix

Screwfix total sales increased by 7.3% (LFL +1.4%) to £2,538 million, driven by resilient demand from trade customers. Good performance was seen across most categories, with tools & hardware, building & joinery and outdoor performing particularly well. Sales trends slowed in H2 (LFL -0.2%) largely due to a weak market in December and unseasonably warmer weather throughout the period. The business gained significant market share in the year. Screwfix's e-commerce sales increased by 1.6% year-on-year, with e-commerce sales penetration of 57% (FY 22/23: 60%; FY 19/20: 33%), reducing slightly year-on-year due to the increasing adoption of in-store digital browsing tablets.

Space growth and acquisitions contributed c.6% to total Screwfix sales. Screwfix opened 51 new stores, including 46 in the UK and five in Ireland, and closed one store in the UK, bringing its total to 922 as of 31 January 2024. Screwfix plans to open up to 40 new stores in the UK & Ireland in FY 24/25, remaining on track to reach its medium-term goal of over 1,000 stores.

In March 2023, the business acquired the stock, intellectual property, contracts and fixed assets of Connect Distribution Services Limited (renamed Screwfix Spares), a leading retailer of appliance spares, accessories and consumables to tradespeople and consumers. Since acquisition, Screwfix Spares has performed in line with expectations, contributing c.1.8% to total Screwfix sales growth. Monthly sales accelerated in H2, with the business reaching a profit-making position by the end of the year.

Further progressing its international expansion plans, Screwfix opened 15 stores in France in the year (with 20 stores in total as of 31 January 2024), and plans to open up to 15 stores in FY 24/25. The results for Screwfix International are captured in 'Other International' – see pages 57 and 58 for further information.

Trading review by division continued

France

£m	2023/24	2022/23	% Reported Change	% Constant Currency Change	% LFL Change
Castorama	**2,219**	2,302	(3.6)%	(4.8)%	(4.8)%
Brico Dépôt	**2,027**	2,150	(5.7)%	(6.9)%	(7.1)%
Total sales	**4,246**	**4,452**	**(4.6)%**	**(5.8)%**	**(5.9)%**
Retail profit	**139**	**195**	**(28.8)%**	**(29.7)%**	
Retail profit margin %	**3.3%**	4.4%	(110)bps	(110)bps	

France sales decreased by 5.8% (LFL -5.9%) to £4,246 million, with the trading environment impacted by low consumer confidence, particularly in the second half of the year. In H2, LFL sales were -8.3%, with market weakness reflected broadly across all categories. Unseasonal weather conditions also impacted the performance of seasonal categories during the year (LFL -9.2%). Gross margin % decreased by 10 basis points, reflecting the higher weighting of sales towards special promotions ('arrivages') at Brico Dépôt, largely offset by effective supplier negotiations and lower distribution costs and shrinkage rates. Gross margin % increased by 20 basis points in H2.

Retail profit decreased by 29.7% to £139 million (FY 22/23: £195 million, at reported rates), with lower gross profit somewhat offset by lower operating costs. Operating costs decreased by 2.9% due to the active flexing of variable costs, and structural savings achieved by our cost reduction programme. This was partially offset by cost inflation, including year-on-year increases in pay rates and energy costs, together with higher technology spend. In H2, in response to the weaker trading environment, the business accelerated several structural cost reduction initiatives and strengthened its actions around staff costs and discretionary spend, resulting in an operating cost reduction of 4.4% year-on-year. Retail profit margin % decreased by 110 basis points to 3.3% (FY 22/23: 4.4%, at reported rates).

Castorama

Castorama total sales decreased by 4.8% (LFL -4.8%) to £2,219m, broadly in line with the market against a challenging consumer backdrop. Sales trends slowed in H2 (LFL -7.3%), reflecting the weaker trading environment in that time period. Market weakness was reflected broadly across the categories, with EPHC also lapping strong sales of heating and energy efficiency products in the prior year. Volume trends year-on-year in core and 'big-ticket' categories improved in Q4, compared to Q3. Castorama's e-commerce sales increased by 4.9% year-on-year, with e-commerce sales penetration of 6% (FY 22/23: 5%; FY 19/20: 2%). As of 31 January 2024, Castorama had a total of 95 stores in France.

Brico Dépôt

Brico Dépôt total sales decreased by 6.9% (LFL -7.1%) to £2,027 million, a weaker performance relative to Castorama. Performance in H1 was impacted by a reallocation of a portion of its marketing budget to digital, which proved unsuccessful and was corrected in mid-July. Sales trends slowed in Q3 (LFL -10.6%) as the trading environment weakened, with Brico Dépôt more exposed than Castorama due to a relatively higher category weighting towards building materials and EPHC, with plumbing, heating and insulation products also impacted by milder weather and strong comparatives. Sales trends improved in Q4, notably in EPHC and bathroom & storage, with Brico Dépôt's sales broadly in line with the market (LFL -7.9%). For the year, e-commerce sales increased by 14.7%, the fastest first-party (1P) e-commerce sales growth rate of all banners in the Group. E-commerce penetration reached 5% (FY 22/23: 4%; FY 19/20: 2%). Brico Dépôt opened two stores during the year, with a total of 125 stores in France as of 31 January 2024.

Other International

Sales (£m)	2023/24	2022/23	% Reported Change	% Constant Currency Change	% LFL Change
Poland	**1,694**	1,734	(2.3)%	(7.4)%	(9.5)%
Iberia	**371**	373	(0.5)%	(1.8)%	(1.8)%
Romania	**269**	285	(5.6)%	(6.4)%	(3.3)%
Other[1]	**13**	15	n/a	n/a	n/a
Other International	**2,347**	**2,407**	**(2.5)%**	**(6.5)%**	**(7.7)%**

Retail profit (£m)	2023/24	2022/23	% Reported Change	% Constant Currency Change
Poland	**82**	148	(44.5)%	(47.4)%
Iberia	**6**	9	(34.6)%	(35.5)%
Romania	**(18)**	(10)	n/a	n/a
Other[1]	**(30)**	(30)	n/a	n/a
Turkey (50% JV)	**15**	8	n/a	n/a
Other International	**55**	**125**	**(56.0)%**	**(57.5)%**

Retail profit margin %	2023/24	2022/23	% Reported Change	% Constant Currency Change
Poland	**4.8%**	8.5%	(370)bps	(370)bps
Other International	**2.3%**	**5.2%**	**(290)bps**	**(280)bps**

1. 'Other' consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements.

Total sales decreased by 6.5% (LFL -7.7%) to £2,347 million, reflecting tough prior year comparatives across all geographies (FY 22/23 LFL +11.2%). Retail profit decreased by 57.5% to £55 million (FY 22/23: £125 million, at reported rates), largely reflecting the retail profit decline in Poland in H1 (£59 million). Retail profit margin % decreased by 280 basis points to 2.3% (FY 22/23: 5.2%, at reported rates).

Poland

Total sales decreased by 7.4% (LFL -9.5%) to £1,694 million, against strong prior year comparatives (FY 22/23 LFL +13.8%) and a challenging trading environment. Market weakness was reflected broadly across the categories, with EPHC lapping very strong prior year comparatives. Sales trends improved in H2 (LFL -7.9%, versus H1 LFL -10.9%), supported by core category sales, and in line with a gradual improvement in the consumer environment. The business exited the year with Q4 LFL of -6.6%, compared to the 'trough' second quarter of -11.5%, and sales trends have continued to improve into the new financial year. Castorama's market share remained above FY 21/22 levels for the full year and, on a year-on-year basis, gained share in Q4 (as measured by GfK). Castorama's e-commerce sales decreased by 32.6% year-on-year, following some temporary disruption arising from the implementation of its new digital technology stack in H1. E-commerce sales penetration was 3% (FY 22/23: 5%; FY 19/20: 2%).

Space growth contributed c.2% to total Poland sales. Castorama opened five stores in FY 23/24 (three big-box, one medium-box and one compact 'Castorama Smart' store), bringing its total to 102 stores in Poland as of 31 January 2024.

Gross margin % decreased by 20 basis points, reflecting higher customer participation in promotional activity and sales mix. This was largely offset by effective management of inflation and supplier negotiations, and a lower stock provision movement compared to the prior year. Gross margin % increased by 150 basis points year-on-year in H2. Retail profit decreased by 47.4% to £82 million (FY 22/23: £148 million, at reported rates) due to a lower gross profit and an increase in operating costs. Despite adjusting variable costs to the challenging environment and realising further savings from our structural cost reduction programme, operating costs increased by 5.6%. This was driven by high cost inflation (including year-on-year increases in pay rates and energy costs), higher technology spend, higher costs associated with five new store openings (year-on-year), and charges related to ineffective foreign exchange hedges. In H2, the business strengthened its cost initiatives by further flexing staffing levels, lowering discretionary spend, and rephasing certain investments (including fewer store openings), resulting in operating costs being limited to an increase of 1.7% year-on-year. Retail profit margin % decreased by 370 basis points to 4.8% (FY 22/23: 8.5%, at reported rates), with the H2 retail profit margin % improving sequentially to 5.8%, 80 basis points lower year-on-year (H2 22/23: 6.6%, at reported rates).

Trading review by division continued

Iberia

Total sales decreased by 1.8% (LFL -1.8%) to £371 million. Core and 'big-ticket' category sales were resilient (LFL -0.4%), while seasonal categories (LFL -8.0%) were impacted by unseasonal weather from Q1 onwards. The development of Iberia's trade proposition supported good year-on-year growth in its building & joinery and kitchen categories. Retail profit decreased to £6 million (FY 22/23: £9 million, at reported rates), reflecting lower sales and gross margin %, partially offset by lower operating costs, down 0.8% year-on-year.

Romania

Total sales decreased by 6.4% to £269 million (LFL -3.3%), against strong prior year comparatives (FY 22/23 LFL +7.8%) and a challenging trading environment. Sales trends improved in H2 (LFL -1.6% vs H1 -4.9%), driven by an improvement in core and seasonal category sales, with LFL sales in Q4 slightly positive (+0.4%). Sales in the EPHC category were particularly strong, with a resilient performance in outdoor and bathroom & storage. Romania's retail loss increased to £18 million (FY 22/23: £10 million reported retail loss), reflecting lower sales and gross margin %. Operating costs decreased by 3.1%, with cost inflation more than offset by our structural cost reduction initiatives including reduced energy usage in stores.

Turkey

In Turkey, Kingfisher's 50% joint venture, Koçtaş, contributed £15 million of retail profit (FY 22/23: £8 million, at reported rates). The increase in retail profit largely reflects accounting under high inflation, and was more than offset by related higher interest rates recorded in our share of Koçtaş' interest and tax. The overall contribution of Koçtaş was therefore a net loss of £1 million (FY 22/23: £4 million net profit contribution). Net of store closures, the business added 13 new stores (one big-box and 12 compact) in their financial year to 31 December 2023, bringing its total store count to 368.

'Other'

'Other' consists of the consolidated results of Screwfix International, NeedHelp, and franchise and wholesale agreements. Due to these businesses being in their early investment phase, a combined retail loss of £30 million (FY 22/23: £30 million reported retail loss) was recorded, largely driven by Screwfix France as the business invested in the opening of new stores. Screwfix has a total of 20 stores in operation in France as of 31 January 2024, having opened 15 in FY 23/24. Sales from these stores continue to show an encouraging trend, supported by an expanded product range of c.14k SKUs, and the launch of third-party trade credit and Sprint one-hour home delivery. The business also launched as a pure-play online retailer in six additional European countries in Q3. As reported in our half-year results in September, our two B&Q franchise stores in Saudi Arabia have now closed, and we are re-focusing efforts on wholesale and franchise agreements in other markets. We currently have wholesale agreements in place in three countries in Europe and the Middle East, whereby certain OEB products are supplied to its retailers.

Retail banner employees, store numbers and sales area

	Employees (FTE) at 31 Jan 2024	Store numbers at 31 Jan 2024	Sales area[1] ($000s\ m^2$) at 31 Jan 2024
B&Q	15,187	311	2,210
Screwfix	9,919	922	56
UK & Ireland	**25,106**	**1,233**	**2,266**
Castorama	9,878	95	1,153
Brico Dépôt	7,820	125	877
France	**17,698**	**220**	**2,030**
Poland	11,740	102	851
Iberia	1,804	31	195
Romania	2,178	32	230
Other[2]	255	20	1
Other International	**15,977**	**185**	**1,277**
Total	**58,781**	**1,638**	**5,573**

1. Screwfix sales area relates to the front of counter area of an outlet.
2. 'Other' consists of Screwfix International, NeedHelp, and franchising and wholesaling.

Risks

Risk management

Effective risk management is critical to our ability to achieve our strategic and operational objectives. Our banners and Group functions work with the Group Risk team throughout the year to ensure risk management processes are followed, which includes reviewing and assessing the management of their respective risks. While individual Group Executive members are accountable for managing risks in their own area, the Group Executive collectively identifies, assesses and manages the Group's principal risks. The Board regularly performs a robust risk assessment to understand our principal risks and mitigating controls and actions.

The governance framework and the role of the Board, Audit Committee and Group Executive are set out from page 68.

To identify our risks we consider our strategic objectives and what might stop us achieving them over the three-year period. We combine a top-down strategic view with a bottom-up operational view of risks. Our banners and Group functions help us to identify changes to the risks within their operations. This starts with a workshop involving all of the local leadership team, discussing both existing and new risks. These are consolidated and used as one of the inputs to identify and validate our principal risks. Discussions are also held with the Group Executive and non-executive directors, both individually and collectively.

To **assess our risks** we consider the potential financial, reputational, regulatory or operational impact, as well as the probability of them materialising within our three-year outlook period. This helps us to create the right actions and controls to manage our risks to an acceptable level. For each of the principal risks, we also assess any change to the risk level compared to the prior year.

To **manage our risks** ownership is assigned at all levels. Each banner and Group function is responsible for putting appropriate actions, controls, and procedures in place to manage and monitor their identified risks and to verify that the controls operate effectively. Management and mitigation plans are developed by individual risk owners, who are members of the local leadership team, before being validated by the respective Group Executive member. They are supported in this by dedicated risk and control managers.

To effectively **monitor our risks** local management regularly reviews the effectiveness of its mitigation plans. The Group Executive and Board review the nature, likelihood and impact of the Group's principal risks twice a year together with any changes since the previous review. This includes mitigating actions to ensure that these risks are proactively managed. During the year, the Audit Committee reviews the risk assessment process and receives presentations from banners and Group functions on a rotating basis. These presentations cover risk assessments and mitigating actions, enabling the Audit Committee to monitor the risks and level of controls in place.

The Internal Audit team considers the risks at the operational and Group level as part of its quarterly audit planning cycle, to provide timely assurance of the most significant risks across the business. Insights from the risk management process support Internal Audit to deliver a risk-focused assurance programme.

Risk appetite

The Group Risk team performed a comprehensive review of our risk appetite in 2022 to understand where we actively choose to pursue opportunities that give rise to risks, where we balance risks with the cost of mitigation, and where we are unwilling to accept risks. This highlighted a small number of activities where risk reduction actions were necessary to ensure the level of risk we are exposed to is in line with our appetite. As part of our review of risk appetite this year, an assessment of these actions was performed to ensure plans are progressing as expected. This included reviewing activities and documenting a new statement regarding the Group's appetite in relation to the opportunities from generative artificial intelligence (Gen AI) tools. The update was presented to both our Group Executive and Board.

Principal risks

Following a comprehensive review, our existing principal risks remain broadly unchanged. The risks have been updated to reflect progress made in delivering our strategy and changes in the external operating environment. These are included in the descriptions of risks and mitigating actions.

All principal risks are given significant attention and focus. We believe the highest severity risks are:

- Geopolitical instability creating macroeconomic volatility.
- Cyber and data security.
- Responding to changing customer preferences.

We have removed our risk relating to the level and impact of change. This risk originally related to the transformation required under our current strategy. We have successfully implemented the structural changes and demonstrated a good track record of delivery.

Principal risks are shown on pages 60 to 64.

Emerging risks

As part of our risk management process, we identify and monitor emerging risks. These risks are currently difficult to fully assess and quantify or are expected to materialise outside our defined outlook period.

We have a thorough process to capture emerging risks across our banners and Group functions. Alongside their risk identification process, each area was asked to consider what future risks they were concerned by, and what they were doing to better understand them.

The reviews highlighted several potential emerging trends. Where appropriate these have been incorporated into our existing Group principal risks. Other trends are not deemed to be fully emerging risks and more operational and we continue to monitor these internally.

Risks continued

Risk trend: Increasing No movement Decreasing

1 Our people

Our colleagues are critical to the successful delivery of our 'Powered by Kingfisher' strategy and priorities, which aim to expand our functional capabilities to address the changing needs of our customers. Failure to attract, retain and develop colleagues with appropriate skills and capabilities could impact our ability to deliver our strategic priorities and business objectives at the pace required.

We have set ambitious inclusion and diversity targets to promote more innovation and creativity and to ensure Kingfisher is an inclusive place to work. Failure to attract and retain colleagues to meet these targets could have a negative impact on delivering our business objectives and cause reputational damage.

Risk trend

Competition remains high for diverse talent. We have made strong progress on our Group-wide targets which we continue to drive through our banners' people strategies.

Link to strategic priorities

- Grow by building on our different banners.
- Accelerate e-commerce through speed and choice.
- Build a data-led customer experience.
- Lead the industry in Responsible Business and energy efficiency.
- Human, agile and lean.

How we manage and monitor the risk

- The Board has approved our Group strategy for people and culture, with individual priorities agreed for each banner and function, including a focus on attracting, retaining, and developing their colleagues.
- The Group Executive and Board hold regular talent reviews focused on ensuring senior leadership has the required capabilities to deliver the strategy and activities to strengthen our leadership succession pipeline.
- Investing in tools and infrastructure to support our colleagues' learning, including a leadership development portal for bite-size instant learning and e-learning for our store teams on new products.
- Continue to embed our key leadership behaviours through our leadership development work. This will accelerate delivery of our strategy and embed our agile and inclusive culture led by trust.
- Each banner has a tailored inclusion and diversity plan. Areas of focus are our senior leadership, creating a culture of inclusion, our customer proposition and learning for life. Relevant targets are linked to the remuneration of senior leaders.
- Each banner closely monitors colleague sentiment through our listening platform 'Peakon' and creates associated action plans to improve colleague sentiment.

2 Supply chain resilience

A resilient supply chain is key to our business and the achievement of our strategic objectives. We are dependent on complex global supply chains and fulfilment solutions to deliver our products to our customers. We are also reliant on the ability of our suppliers to respond quickly to changes in demand and to be financially resilient, particularly to fluctuations in energy prices.

Major disruption to our supply chain, along with a failure to respond quickly and effectively, could result in reduced levels of product availability, with an adverse financial and reputational impact.

Risk trend

Prior to recent events in the Red Sea, we had seen a continued increase in the supply network capacity and a reduction in sea freight costs. We continue to engage regularly with our suppliers to understand how the current economic volatility is managed to ensure it does not affect operations.

Link to strategic priorities

- Accelerate e-commerce through speed and choice.
- Differentiate and win through own exclusive brands (OEB).
- Develop our trade business.
- Human, agile and lean.

How we manage and monitor the risk

- Our supply and logistics three-year roadmap was updated in 2023/24. It considers our future logistics capacity needs, based on the various sourcing, inventory and sales-generative strategies identified in the Group's strategic planning activities.
- Business continuity plans are updated regularly, covering our internal points of failure and key partner service-continuity plans. The actions include a response to supplier and logistics failures, and plans were tested live as part of our Covid-19 response activities.
- Established partnerships with key transportation and logistics suppliers to align planning and secure capacity.
- Extended our demand forecasting to better anticipate future sales requirements and worked with suppliers to ensure product availability.
- Invested in supply chain visibility tools to be able to better monitor products as they move through the supply chain and react to events. A phased rollout of these tools is in progress across banners and Group functions.
- Continued the implementation of store-based fulfilment for customer orders to support the business operation and the increased demand since the pandemic.
- For our OEB suppliers, we have an agreed supplier strategy including initiatives to diversify our 'sourcing footprint' and exploit alternative sources where possible, guidance on choosing which regions to source from and when to use more than one factory or supplier to increase resilience.
- Robust process for selecting individual suppliers. This includes checks on financial strength, ethical and environmental risks and their ability to manufacture the products to the agreed specification.
- Continually review key suppliers by category to establish capacity and volumes and assess the impact of an interruption in supply.

Risk trend: Increasing No movement Decreasing

3 Competitor behaviour

Our competitors include both traditional store-based and pure-play online retailers. In recent years, we have seen an increase in online penetration in the home improvement market, including through e-commerce marketplaces. Competitors are also developing their offers, including more products, services and fulfilment options.

Targeted actions or disruptive behaviour by competitors could negatively impact our market share, the value of our assets and our financial results.

Risk trend

Through executing our strategy and agile trading, we have defended and in some regions expanded our market positions in a difficult overall macroenvironment.

Link to strategic priorities

- Grow by building on our different banners.
- Accelerate e-commerce through speed and choice.
- Build a data-led customer experience.
- Differentiate and win through own exclusive brands (OEB).
- Develop our trade business.
- Roll out compact store formats.

How we manage and monitor the risk

We are building a differentiated offer and trialling new store formats to serve customers even better through:

- Clear positioning for each of our banners, with different operating models to address diverse customer needs, such as general DIY needs, trade-focused and discounters.
- Leveraging the autonomy of local banners by allowing local ranges, services and store formats that are tailored to customers' needs.
- Tailoring trading actions to local markets, through distinct customer communications, promotions and loyalty schemes to increase sales and brand loyalty.
- Increased our online sales and are continuing to extend our online presence; we have successfully launched e-commerce marketplaces in the UK, Spain and Portugal and are developing this in other banners.
- Pursuing new revenue streams such as growing our retail media proposition, currently just in France, across the wider Group.
- Competing on price by using the scale of our Group to benefit from volume and lower purchase prices.
- Centrally developing our OEB brands, with clearly defined range principles and customer projects to create a differentiated and compelling offer.

We regularly monitor our market share, our performance and that of our competitors, to react quickly to disruptive behaviour via:

- Comparison of price indices versus competition in our key categories and measuring customer price perception on a regular basis.
- Customer trend monitoring in all our markets to anticipate and develop an appropriate offer.
- Monitoring net promoter scores (NPS) with targets to improve the customer experience and satisfaction.

4 Geopolitical instability creating macroeconomic volatility

Kingfisher operates in eight countries across Europe and relies on a global supply base exposing us to both geopolitical uncertainty and local volatility. Strikes or challenges to international trade could impact our ability to receive products, limit the availability of certain raw materials or increase costs. Failure to anticipate events or respond appropriately could disrupt day-to-day operations and/or our ability to meet our strategic objectives.

Spending pressure and reduced consumer confidence as a result of a continuing difficult economic environment and political volatility could negatively impact the demand for our products and services. If governments try to reduce their budget deficits through further taxation, this could create additional burdens on businesses.

Risk trend

The economic environment is likely to remain challenging across all our markets. There are also several upcoming national elections in countries we operate in as well as other elections of global consequence that could impact our economies or supply chains.

Link to strategic priorities

- Grow by building on our different banners.
- Accelerate e-commerce through speed and choice.
- Differentiate and win through own exclusive brands (OEB).

How we manage and monitor the risk

Monitoring and engagement activities

- Our Group Corporate Affairs team actively monitors the political and economic situations in the countries in which we operate or which may impact our operations. This is supported by membership of key business trade associations in every market. We also continuously monitor our exposure to financial institutions to ensure our risk is minimised.
- Strategies are in place to identify, monitor and engage with proposed changes to legislation that may impact our business.
- Incident and crisis management processes and teams are in place to monitor and manage situations as they arise.
- We actively monitor our sourcing from and dependency on large suppliers by region.

Mitigation activities

- Our banner and Group sourcing offices work to diversify our sourcing options where appropriate. Our buying offices and supply chain teams are focused on ensuring we maintain appropriate levels of competitively priced product available from alternative sources through periods of potential disruption.
- Strong and distinct banners, with each able to set the right product offer and pricing to meet our customers' appetite for spending and to respond in an agile, flexible way to changes in the environment.
- Our OEB, which represent 45% of our sales, offer particularly great value for customers in all our banners.
- Access to significant committed liquidity facilities and debt funding, through drawn term loans and the ability to issue debt into the capital markets through its European Medium-Term Note (EMTN) programme.
- Cash holdings are diversified across a number of financial institutions (for which credit risk is closely monitored).
- An appropriate and prudent mix of hedging policies, cash deposits and debt financing to minimise the impact of foreign exchange currency volatility on the company.

Risks continued

Risk trend: Increasing | No movement | Decreasing

5 Cyber and data security

Cyberattacks and security incidents continue to present a risk for organisations. We proactively manage our risk profile and will continue to do so as we deliver on our strategy and as our use of technology evolves.

Gen AI tools have become more widely accessible recently. Whilst these present great opportunities for innovation and growth, they could also be used maliciously by bad actors to create more compelling phishing attacks. If public Gen AI services are used, there is a risk that commercially sensitive information may be inadvertently made public increasing the risk of data loss.

Failure to protect data, detect breaches and respond accordingly would negatively impact our operations, profitability and reputation.

Risk trend

This risk remains one of our top three risks. The sophistication and organisation of cyberattacks continues to evolve, with a wide range of tools and techniques available to cause disruption to our business. In particular, Gen AI tools are being used more in this sphere.

Link to strategic priorities

- Accelerate e-commerce through speed and choice.
- Build a data-led customer experience.

How we manage and monitor the risk

- Cyber security continues to receive Group Executive-level sponsorship and Board focus.
- Continue to make investments in support of our IT security roadmap.
- Assessments and exercises held to prepare for security incidents up to and including Board-level.
- Recognising the importance of the role our colleagues play in protecting the organisation, we are upskilling by delivering an education and awareness strategy tailored to roles and responsibilities. Phishing awareness campaigns run for all colleagues with internally run mock campaigns to test effectiveness.
- A Gen AI policy was created this year, with training rolled out to all colleagues.
- All technology development goes through a secure by design process to ensure solutions and data are secure and adhere to compliance and regulation requirements.
- Perform security assurance of third parties that process our data across all functions and banners.
- Regular review of the cyber threats facing Kingfisher and work with security partners to evaluate and implement appropriate controls.
- Increased use of AI to strengthen existing technology capability (e.g. end point protection and mail filtering) to protect us against phishing, malware and other threats.
- Robust major incident management process in place, and we maintain a third-party retainer for incident response, breach, and forensic expertise.
- Commissioned continuous independent assurance to monitor progress against our strategy and to ensure we meet our maturity milestones.

6 Legal and regulatory

The Group's operations are subject to a broad range of regulatory requirements in the markets in which we operate, and new regulation continues to emerge. A major corporate issue or crisis, a significant fraud or material non-compliance with legislative or regulatory requirements would impact our brands and reputation, could expose us to significant fines or penalties and would require significant management attention.

Risk trend

Link to strategic priorities

- Lead the industry in Responsible Business and energy efficiency.

How we manage and monitor the risk

Policies and procedures

- Policies and procedures are in place, clearly stating our expectation to carry out our business fairly and with complete integrity.
- Due diligence processes are in place over our third parties, covering risks such as sustainability, business integrity, data protection and information security as applicable. Internal audit conduct periodic reviews of these processes.
- A whistleblowing policy and hotline, facilitated by an independent third party, are in place across the Group. Speak Up Champions have been appointed in all banners to ensure that all ethical concerns raised via our whistleblowing system are followed up and investigated appropriately.

Training and communication

- Targeted Group-wide mandatory compliance training is refreshed annually, with modules on our Code of Conduct (including anti-bribery and corruption), GDPR, Competition Law, Market Abuse Regulation and, from 2024, a new module on Gen AI.

Oversight and reporting

- Our legal and compliance network is well established, for teams in the Group and banners to work and communicate together, and to monitor for legislative changes that would impact our business, so that we can respond appropriately.
- The Group Ethics and Compliance Committee (GECC) ensures that the Group approach to ethics and compliance is adequate and effective. This includes approving compliance training and reviewing the outcomes of investigations. Local Ethics and Compliance Committees (LECC) have been implemented in all banners to ensure a consistent approach across the Group.
- The Disclosure Committee is in place to address our Market Abuse Regulation obligations.
- Whistleblowing statistics and trends are monitored in each LECC and reported to the GECC, Audit Committee and Board annually.

Risk trend: Increasing No movement Decreasing

7 Reputation and trust

Our customers, colleagues, suppliers, investors and the communities we source from and operate in expect us to conduct our business in a way that is responsible and in everyone's long-term interest.

One of the many ways we strive to ensure this is through our publicly communicated Responsible Business strategy and targets, covering topics such as how we help our customers' homes become more sustainable, responsible sourcing, how we bring greater diversity into the business and support our local communities. We also expect everyone working for us or with us to carry out our business professionally, fairly and with complete integrity. For further details see pages 24 to 27 of the Responsible Business section.

Failure to deliver on our obligations and commitments, material breaches of our policies or controls, or unintentional controversial statements, could undermine trust in Kingfisher, damage our reputation and impact our ability to meet our strategic objectives.

Risk trend

The level of scrutiny and expectations from our stakeholders remains high. and the opportunity to provide an effective response is often limited. It is also becoming increasingly challenging for businesses to stay neutral on sensitive topics and if they choose to respond, to get the messaging right and avoid alienating a significant portion of stakeholders.

Link to strategic priorities

- Lead the industry in Responsible Business and energy efficiency.
- Human, agile and lean.

How we manage and monitor the risk

Governance

- Our Code of Conduct establishes the core behaviours we expect of ourselves and others, including our suppliers.
- The Responsible Business Committee leads and oversees the delivery of the Responsible Business strategy. It is chaired by a non-executive director and includes the CEO.
- We are evolving our framework for responding to societal and geopolitical issues and also have specific policies relating to corporate affairs and external communications.

Stakeholder dialogue

- Monitoring of external stakeholders' views of the Group and all banners through traditional and digital media.
- For all colleagues we have regular engagement surveys, strong relations with relevant social partners and colleague fora with elected representatives, including a collective forum that meets with the CEO and members of the Board. This is in addition to our I&D affinity networks that facilitate debate and discussion on sensitive issues.
- Externally, we have regular engagement with a range of stakeholders including NGO partners, trade associations, politicians, civil servants, media, etc. in our key markets, which helps to ensure that the company remains close to social and environmental concerns.

Due diligence and external assurance

- Our due diligence of suppliers and partners covers a range of ESG issues, from environment to modern slavery.
- Selected ESG data in our annual Responsible Business Report and our Modern Slavery Transparency Statement is independently audited by DNV.
- Independent ratings agencies also monitor and rate our ESG performance throughout the year, including MSCI, CDP, Sustainalytics and ISS ESG.

8 Climate change

Climate change will have negative consequences on society and businesses without concerted mitigation efforts. The climate scenario analysis in our TCFD section has identified several climate-related financial and operational risks, which are potentially significant if climate solutions are not effective, even if their impact over our outlook period is limited. The analysis shows the top three risks being consumer preference changes, liability costs from third-parties and the cost of carbon increasing. See page 35 of the TCFD section for more information and for the other risks.

In response to these challenges, we have a number of mitigation actions including setting ambitious climate change commitments.

Failure to deliver on our commitments could negatively impact our operations, profitability over time, as well as causing reputational damage.

Risk trend

Scrutiny on the validity and reliability of our response to climate-related risks remains high and the risk position has not changed. However, as the climate scenario analysis was expanded to cover more risks this year, we have refocused our principal risk on the most significant elements (see page 35 of the TCFD section).

Link to strategic priorities

- Differentiate and win through own exclusive brands (OEB).
- Lead the industry in Responsible Business and energy efficiency.

How we manage and monitor the risk

- We have a longstanding commitment to reduce our emissions, with science-based targets for FY 25/26 across all scopes, a commitment to reach net zero emissions for our operations (scope 1 and 2) by the end of FY 40/41 and we are working to develop our net zero climate transition plan for scope 3.
- For governance the Group Climate Committee, chaired by the CEO, has oversight of the company's approach to developing and delivering its net zero roadmap and related supporting targets and opportunities, and the Board's Responsible Business Committee supports and oversees the delivery of the Group's Responsible Business strategy, including how we tackle climate change.
- Decarbonisation planning is integrated into each banner's capital investment plans.
- We have aligned our climate-related ambitions with our financial performance by linking the delivery of our 2025/26 scope 1 and 2 science-based target to our £550 million Revolving Credit Facility, and to the outturn of our Performance Share Plan.
- We have a Sustainable Home Products (SHP) sales target, to maximise business opportunities from the transition to a net zero future. We have set a target for SHP to account for 60% of Group sales by the end of FY 25/26 and 70% of sales of OEB products.
- We support a number of industry initiatives to tackle climate change, most recently this has included helping to launch a critical new collaborative scope 3 taskforce, initiated by EDRA/GHIN (the global trade bodies for home improvement retailers).

For further information on how we continue to understand and respond to these risks, see pages 35 to 38 of the TCFD section.

Risks continued

Risk trend: Increasing No movement Decreasing

9 Responding to changing customer preferences

The pace of change remains high, with greater use of e-commerce solutions for Click & Collect and home delivery and increasing customer demand for greater choice. To make our products available to customers where and when they want it, we need innovative digital channels supported by an agile and reliable infrastructure, a robust logistics capability and an optimised property portfolio, located where consumers want to shop, with in-store services. We are also seeing increased demand for more sustainable products, with greater attention to their energy and water saving features and their overall environmental impact.

Failure to identify and respond to new trends effectively with pace could affect our ability to stimulate spend and adversely impact the value of our assets and our financial results.

Risk trend

Our commercial operating model affords banners autonomy, allowing them to rapidly identify and react to changes in customer trends. However, the risk remains that we do not deliver the required changes fast enough or that they are not sufficiently compelling for our customers. We continue to invest in our technology and other solutions to further support the banners adapting at pace to keep and stay ahead of customer preferences. We similarly continue to invest in our Sustainable Home Products to meet changed customer preferences. For further information on our approach to sustainable products see the climate change risk on page 63.

Link to strategic priorities

- Grow by building on our different banners.
- Accelerate e-commerce through speed and choice.
- Build a data-led customer experience.
- Differentiate and win through own exclusive brands (OEB).
- Develop our trade business.
- Roll out compact store formats.
- Lead the industry in Responsible Business and energy efficiency.
- Human, agile and lean.

How we manage and monitor the risk

- Customer and Market Intelligence team continuously monitors and gathers insights, with regular updates to the Group Executive, the Board and the wider business. We also have teams focused on customer data and digital experience, so that we can better understand the behaviour of our customers and provide them with personalised omnichannel experiences.
- Based on customer and banner feedback, we extend and refresh our OEB ranges, particularly in the area of sustainability and energy efficiency.
- A Group digital and data strategy has been developed and approved by the Board, with various priority programmes underway.
- Our Technology Product board meets quarterly, to monitor financial and project portfolio performance and to prioritise upcoming digital initiatives.
- Launched numerous strategic programmes to accelerate e-commerce, focusing on putting stores at the centre of our fulfilment model. We continue to expand the range of do-it-for-me services available to customers to help them complete projects, including offering energy diagnostic and project support services in the UK, France and Poland.
- Along with the B&Q marketplace in the UK which continues to grow, we have successfully launched marketplaces in Spain and Portugal, offering more product choice to customers, reducing risks for availability and following consumer trends as part of the overall online marketplace growth strategy.
- Created a Group Centre of Excellence for online marketing and digital trading that monitors digital consumers' demand. Through exhaustive benchmarking of our e-commerce platforms capabilities against our competitors, key areas of opportunities are identified including to site speed, distribution order management (DOM) and customer recommendations.
- Continued to develop our understanding of compact store formats, with a variety of test concepts live in a range of locations across the UK, France and Poland. As of 31 January 2024, we had 27 compact store tests across five banners, providing us with strong learnings for format optimisation and conceptualisation.
- Our product offer serves both tradespeople and home improvers, which helps us proactively guard against any shifts in consumer behaviour across both DIY and DIFM sectors.

Viability statement

Assessment period

The directors consider three years to be appropriate given the fast pace of change in both consumer and retail markets. This is consistent with the Group's strategic planning period and the period over which the principal risks are considered. The period to full implementation and impact for new ranges, stores and technology investments is up to three years. In addition, there are no major renewal or investment commitments expected that go above the current investment level (at most around 3.5% of revenues) beyond the three-year period. The Group's debt repayment profile is not relevant due to the low levels of debt, and the revolving credit facility (RCF) has a three-year horizon. A period of greater than three years is considered too long for financial projections, given the uncertainties involved.

Assessment of prospects

The directors regularly assess the Group's current and future financial position, its recent and historical financial performance, and forecasts against the strategy, business model and principal risks described on pages 60 to 64. In addition, the directors regularly review the financing position of the Group and its projected funding position and requirements, including sensitivity analyses.

The Group is operationally and financially strong and has a long track record of consistently generating profits and cash, which is expected to continue both in the short and long term.[1]

In its assessment of the Group's prospects, the Board has considered the following:

- **The Group's strategy and how it addresses changing customer preferences.** We continue to evolve and execute our strategy at pace and to invest for growth. We are continuing to expand our Screwfix footprint in France and Screwfix online has launched in six new European markets. E-commerce sales have grown, supported by continued strong growth of our marketplace in B&Q and more recently Iberia, allowing us to offer more choice to customers and increase digital market share. We have a favourable competitive position, with lower cost fulfilment from store-based picking and a low returns rate with no excess warehouse expansion. Our strong omnichannel proposition aligns with how customers want to shop in our segment. We remain confident in both our long-term growth and cash generation opportunities.
- **The inherent resilience of the Group's activities.** The Group operates in diverse geographies and customer segments, with strong competitive positions. Many of our products are of an essential nature. We have balanced exposure to both DIY and DIFM sides of the market and a significant proportion of our sales is linked to repairs and maintenance. Our geographic spread provides us with the ability to withstand political instability or economic downturn in a particular country. We have a diverse product portfolio, including own exclusive brands (OEB) which form 45% of total sales, and have a diversified sourcing footprint (both near and far).
- **Expectations of the future economic environment.** The economic environment looks to remain challenging in the near future. Interest rates remain high and there is a risk of continued inflationary pressure. However, we remain very positive for home improvement growth and our ability to grow ahead of our markets, with a high proportion of sales relating to maintenance and repair. Demand from tradespeople remains robust with more work in the pipeline. In addition, industry trends, including investments in sustainability, working from home and a greater interest in the market from younger generations will endure and provide the opportunity for sustained long-term growth.
- **The Group's financial position.** The Group retains a strong financial position; as of 31 January 2024, Kingfisher had access to over £900 million of liquidity, comprising cash and cash equivalents (net of bank overdrafts) of £353 million and access to an undrawn RCF of £550 million (£46 million expiring at the end of May 2025, £504 million expiring at the end of May 2026). This level of liquidity is deemed sufficient for all of the viability scenarios analysed. The Group has low levels of debt and proven robust performance and cash generation in previous recessions. The Board considers this headroom, coupled with the highly cash generative nature of the business, to provide a strong degree of financial resilience and flexibility.
- **Supplier and supply chain resilience.** The Group's supply chain has remained resilient through recent geopolitical uncertainty and product availability continues to improve. While we have some dependency on far-sourced products from Asia, we reduce this risk through dual-sourcing key OEB products whilst also ensuring business continuity plans are updated regularly, covering internal points of failure and key partner service-continuity plans (including a response to supplier and logistics failures). We have developed and are implementing a supply chain visibility tool to get more upstream visibility of our supply chain. We have also launched an import demand programme, aimed at reducing lead times and inventory levels.
- **Climate change.** We have continued to see strong sales of energy efficient products, helping our customers reduce their carbon footprints. We recently launched our Green Star initiative, helping customers navigate products with a reduced environmental impact. The Group has set ambitious targets as part of our Responsible Business agenda, including our net zero target by 2040 and becoming Forest Positive by 2025. We continually analyse the potential operational impacts which could affect us so that we can remain proactive by investing early to mitigate these.

Taking these factors into account, we have shown that our business model is resilient and we are confident that our strategy is providing a strong foundation for sustainable long-term growth.

Assessment of viability

To assess our viability, we have modelled several severe but plausible scenarios which would have the most material impact on our liquidity. These were identified by considering how our principal risks could materialise either individually or in combination, impacting the business both operationally and financially.

1. This viability statement should be read in conjunction with the description of the Group's strategy and business model, which are set out on pages 6 to 13.

Viability statement continued

In total, four severe but plausible individual scenarios have been modelled in addition to a fifth 'collective' scenario. The latter considers the combined impact of scenarios 1, 3 and 4 detailed below, to model a worst-case situation. Theoretically, all these scenarios could run together, with different impacts. Although the causes are different, the potential impact of scenario 2 (production and supply chain disruption) is similar to scenario 3 (further economic downturn) and overlaying it on the collective scenario would not make a material difference to the results.

The **legal and regulatory** risk was not specifically modelled as it could result in a significant financial penalty and related financial pressure similar to scenario 1 (demand/operational shock). An aspect of **climate change** has been modelled in scenario 2 (production and supply chain disruption) but it should be noted that the additional investments being made to realise our climate targets are already included in the base financial projections used.

None of the scenarios modelled, including the more extreme and unlikely aggregated scenario, were found to impact the long-term viability of the Group over the assessment period. In assessing each of the scenarios, we have taken account of the mitigating actions available to us, including, but not limited to:

- reducing discretionary operating spend, such as marketing and travel;
- reducing non-committed capital expenditure;
- renegotiating prices and payment terms with suppliers;
- freezing recruitment and reducing variable incentives; and
- temporary suspension of dividend payments or share buybacks.

Having assessed our current position, principal risks and prospects of the Group and considering the assumptions below, the directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.

Scenarios modelled	Links to principal risks
Scenario 1 – Demand/operational shock The whole of Kingfisher's operations become subject to a material and unexpected reduction in demand or operational disruption resulting in reduced sales for a period of time (e.g. a failure of our global IT infrastructure, with operational and/or reputational damage). **Assumptions** **Sales:** Reduced sales during our peak period, followed by a short period of recovery before returning to prior levels. **Margin:** Margin impacted by the loss of sales and fixed distribution costs during disruption period. **Cost:** Minimal cost savings due to the acute nature of the event. **Inventory:** Limited adjustment opportunity given lead times.	**Risk 4:** Geopolitical instability creating macroeconomic volatility. **Risk 5:** Cyber and data security. **Risk 7:** Reputation and trust.
Scenario 2 – Production and supply chain disruption Our suppliers and supply chain continue to be affected through 2024/25 and into 2025/26 by an event which impacts production or supply. Stock availability is severely reduced in several key product categories and logistics costs are significantly increased for others. Suppliers are not able to support the increased sales volumes on key ranges. **Assumptions** **Sales:** Negative sales impact with smaller stores most affected (more limited range depth so fewer alternatives). **Margin:** Negative impact of the loss of sales and increased shipping and transportation costs.	**Risk 2:** Supply chain resilience. **Risk 4:** Geopolitical instability creating macroeconomic volatility. **Risk 8:** Climate change.
Scenario 3 – Further economic downturn Prolonged and further downturn in economic conditions across Europe with lower economic activity, higher unemployment and higher inflation resulting in changing customer behaviours, reduced consumer confidence and lower spending. Customers become more price sensitive and price reductions impacting margins are required to manage overstocks. Suppliers of key ranges default on their supply commitments. **Assumptions** **Sales:** Year-on-year sales reduction for a period of 12 months followed by recovery to initial level and then back to growth. **Margin:** Margin reduction from lower sales and pricing pressure for a period of 24 months followed by recovery in the third year.	**Risk 4:** Geopolitical instability creating macroeconomic volatility.
Scenario 4 – Failure to execute our strategy We continue to implement our strategy, including planned investments, but this fails to deliver the expected sales growth and margin support. In addition, there is a failure to realise cost-efficiency targets. **Assumptions** **Sales:** Non-delivery of planned sales growth from initiatives included in the three-year plan. **Margin:** Non-delivery of margin increases linked to growth in own brand product sales. **Costs:** Non-delivery of efficiency benefits.	**Risk 1:** Our people. **Risk 3:** Competitor behaviour. **Risk 9:** Responding to changing customer preferences.
Scenario 5 – A combination of scenarios 1, 3 and 4 This represents a demand or operational shock, resulting in a short period of reduced income, followed by a further economic downturn. At the same time, our strategy fails to deliver the planned benefits. This is seen as a worst-case scenario and highly unlikely.	**As indicated in the above scenarios.**

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, including the principal risks of the Group set out on pages 60 to 64. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 48 to 54. In addition, note 25 of the Group financial statements includes the Group's financial risk management objectives and exposures to liquidity and other financial risks.

The directors have considered the above and how they may impact going concern as well as modelling of a remote scenario which assesses the impact on the Group's liquidity headroom of a significant demand or supply shock preventing us from realising a large part of our sales over the period of a month followed by subdued demand for the remainder of the year. As a result of this review, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details in relation to the use of the going concern assumption and the scenario modelled by the directors are detailed in note 2 of the Group financial statements.

Strategic Report approval

The Strategic Report was approved by a duly authorised Committee of the Board of Directors on 24 March 2024 and signed on its behalf by:

Thierry Garnier
Chief Executive Officer

24 March 2024

Corporate governance

Dear Shareholder,

Our governance structure is designed to ensure that the right decisions are taken at the right time, and underpins our purpose to make better homes, better lives, for everyone. This report describes the structure and sets out how your company is run to serve our customers, to look after our colleagues as a responsible employer, to support the communities in which we operate, and to protect our business for the long-term.

The underlying trading environment remains challenging in some of our markets. Against this backdrop, your Board continues to balance its time between supporting the executives to drive efficiencies in the Group's operating model to mitigate near-term headwinds, whilst focusing on the key strategic growth drivers that will deliver long-term financial performance.

During the year, the Board gave detailed consideration to succession planning for executive and non-executive board roles alike recognising that some Directors are in, or are approaching, their third three-year term of appointment to the Board. You can read more about the Board succession planning process on page 75.

Through the Nomination Committee, we regularly review the skills, composition and diversity of the Board to ensure that we have the right mix of talents to support our strategic ambitions and when setting the search criteria for any new non-executive director role. The Committee's review during 2023 identified digital commercial experience as a future preferred characteristic. You can read more about the selection and appointment process for new Board members on page 75.

Finally, I would once again like to thank my fellow directors for all their efforts in supporting the executives and our 'Powered by Kingfisher' strategy. Despite the challenging external backdrop, we are confident that we have the right plan in place, supported by a robust governance framework that will deliver value for all our stakeholders over the long-term and allow us to remain agile in the face of emerging challenges.

Andrew Cosslett
Chair of the Board

24 March 2024

Our governance structure

Our structured framework comprises the Board and its committees, and enables the company and our directors to work effectively.

The Kingfisher plc Board

Responsible for the overall leadership of the Group, the Board defines our purpose, values, and strategy and aligns them with our culture. Considering the views of our key stakeholders, the Board promotes the Group's long-term sustainable success and its contribution to wider society. It is also responsible for the Group's performance and governance oversight.

Audit Committee

Oversees the integrity of our financial and narrative reporting, the effectiveness of our internal controls, risk management and audit, as well as reviewing compliance matters.

Report can be found from page 80.

Disclosure Committee

Responsible for the framework we use to identify, manage, and release inside information.

Nomination Committee

Manages the composition of the Board and its committees, as well as succession planning for the Board and senior management.

Report can be found from page 75.

Remuneration Committee

Ensures rewards are linked to our wider strategy and recognises success.

Report can be found from page 84.

Responsible Business Committee

Oversees delivery of our Responsible Business activities, providing collective advice and support.

Report can be found from page 78 with additional reporting from page 24.

Group Executive

Comprises the CEO and his direct reports, including the CFO, banner CEOs, and certain functional leads. This group meets monthly to support and advise our CEO to develop and implement the strategic direction of the Group and its constituent businesses, to make and implement operational decisions, and, where appropriate, make Board recommendations.

Group Investment Committee

Chaired by the CFO, this group approves all capital and revenue expenditure above the threshold reserved for approval at the banner or Group function level. Authority for approval for such matters also resides with the CEO.

Group Climate Committee

Monitors and agrees our emission reduction commitments and net zero roadmap. Oversees our external reporting on climate-related matters and assesses and manages our climate-related risks and opportunities.

Board attendance

Directors' attendance at Board meetings during the year is set out below. Directors who are unable to attend scheduled meetings are encouraged to input in advance. Detail regarding information flows to the directors can be found in the Corporate Governance Statement on our website www.kingfisher.com/corporategovernance and on page 74.

Current directors	Board
Andrew Cosslett	8/8
Claudia Arney	8/8
Bernard Bot	8/8
Catherine Bradley	8/8
Jeff Carr	8/8
Thierry Garnier	8/8
Sophie Gasperment	8/8
Rakhi Goss-Custard	8/8
Bill Lennie	8/8

In addition to the scheduled meetings reflected in the table above, two ad hoc Board meetings were held during the year. The Board's annual November one-day strategy session was also exceptionally held as a standalone meeting in 2023.

Compliance with the UK Corporate Governance Code

Kingfisher complied with the Financial Reporting Council (FRC) 2018 UK Corporate Governance Code (the Code) during the year ended 31 January 2024. Legacy Delivering Value Incentive awards which predate the current Directors' Remuneration Policy (the Policy) adopted at the 2022 AGM do not have phased vesting and did not comply with Provision 36 at the time of grant.

Further details of these awards can be found on page 99. The Code is available to view at www.frc.org.uk

At the company's 2023 AGM, the Board was pleased to see a high level of engagement from shareholders with nearly 90 per cent of shares in issue being voted and all resolutions passed by poll by the requisite majority. However, the Board also noted that there were 21.54% of votes cast against Resolution 19 (Authority to disapply pre-emption rights for an additional 10 per cent).

In accordance with the Code, the company has consulted with its major shareholders and understands that some, as a matter of policy, do not support resolutions giving companies a general authority to disapply pre-emption rights without further approval from shareholders. The Board notes that the authorities requested were, however, consistent with the Pre-Emption Group's Statement of Principles.

The Company will continue to take into account the views of its shareholders and will keep the authority sought under review.

The table below outlines how Kingfisher applied the principles and complied with the provisions of the Code which may also be found in the Corporate Governance Statement (CGS) at www.kingfisher.com/corporategovernance. Our website also has copies of the company's Articles of Association, Matters Reserved for the Board, terms of reference of the Board committees, as well as role profiles for the Chair, the CEO, the Senior Independent Director, a non-executive director, and the Company Secretary.

	Page no. or document
1. Board leadership and company purpose	
Effective and entrepreneurial Board	17 – 23, 44-47, 59 – 67 CGS, Matters Reserved
Purpose, value and strategy	CGS
Resources and controls	CGS
Engagement with stakeholders	17 – 23, CGS
Workforce policies and practices	14 – 16, 26 – 27, CGS
2. Division of responsibilities	
Role of the Chair	CGS, role profiles
Composition of the Board	70 -71, CGS
Role of the non-executive director	CGS, role profiles
Board information, time and resource	68, 74, 75-77, CGS
3. Composition, succession and evaluation	
Appointment to the Board	75 – 77, CGS
Board composition	70 – 72, 75 – 77, CGS
Board evaluation	74, CGS
4. Audit, risk and internal control	
Internal and external audit functions	82 – 83, CGS
Fair, balanced and understandable	80, 113, CGS
Risk management	59 – 64, 82 – 83, CGS
5. Remuneration	
Aligning remuneration to strategy	84 – 109, CGS
Policy for executive remuneration	88 – 95, CGS
Independent judgement	96, CGS

Board of Directors

Andrew Cosslett CBE, Chair of the Board N

Appointed: April 2017. Chair of the Board: June 2017

Skills and experience: Andrew's early career was with Unilever in a variety of branding and marketing roles. He then spent 14 years at Cadbury Schweppes in senior international roles before becoming CEO for InterContinental Hotels Group (IHG). Andrew was at IHG for six years, creating value by leveraging the power of its brands alongside executing a programme of significant transformational and cultural change. He served as CEO for Fitness First, where he was instrumental in successfully repositioning the business and brand. Andrew served as a non-executive director of the Rugby Football Union (RFU) from 2012, where he was appointed chair from 2016 until 2021. Andrew was appointed Commander of the Order of the British Empire (CBE) in 2022.

External appointments: Andrew is non-executive chair of ITV plc.

Thierry Garnier, Chief Executive Officer RB

Appointed: September 2019

Skills and experience: Thierry spent 20 years in senior roles at Carrefour, the French multi-national retailer. Before joining Kingfisher, he was a member of the Carrefour group executive committee and CEO of Carrefour Asia. From 2003 to 2008, Thierry was the managing director of Supermarkets for Carrefour France. Following his success in this role he became CEO of Carrefour International and a member of the group executive committee in 2008, where he became responsible for operations in Asia, Latin America and various European countries. In 2016, Thierry was awarded the Chevalier de l'Ordre National de la Légion d'Honneur (France).

External appointments: Thierry is a non-executive director of Tesco plc and the president of EDRA/GHIN, the European DIY Retail Association and the Global Home Improvement Network.

Bernard Bot, Chief Financial Officer

Appointed: October 2019

Skills and experience: Bernard is a seasoned CFO having served in this role at several international listed companies. Bernard also has significant experience of large-scale transformation programmes, logistics and supply chain management, technology and digital services. He was CFO at Travelport Worldwide, a global NYSE-listed company providing a technology platform for the travel industry, until it was taken private in June 2019. Prior to that, Bernard was CFO of Aer Lingus and held various senior positions at TNT and TNT Express. Previously, he worked at McKinsey & Company as a partner and leader of its worldwide Post and Logistics group.

External appointments: Bernard is a non-executive director of A.P. Møller–Mærsk A/S.

Claudia Arney, Non-Executive Director R N

Appointed: November 2018

Skills and experience: Claudia brings a wealth of experience of business transformation and building digital capabilities to the Board having previously held non-executive roles, including interim chair of the Premier League, senior independent director of Telecity Group plc, chair of the remuneration committee at Halfords plc, non-executive director at Ocado Group plc, and non-executive director and governance committee chair at Aviva plc. Claudia began her career at McKinsey & Company, before holding roles at Pearson, the Financial Times, Goldman Sachs, and HM Treasury. She was also group managing director, digital at EMAP.

External appointments: Claudia is currently chair of Deliveroo plc, and non-executive director and remuneration committee chair at Derwent London plc. She is due to step down from the Board of Derwent on 10 May 2024 after nine years as a Director. Claudia also serves as a member of the Panel on Takeovers and Mergers and is the lead non-executive board member for the Department for Digital, Culture, Media and Sport.

Catherine Bradley CBE, Senior Independent Director A N R

Appointed: November 2020

Representative to the Kingfisher Colleague Forum: From June 2022

Skills and experience: Catherine provides substantial expertise to the Board in the field of finance, risk management and corporate governance, having previously been a non-executive director of the Financial Conduct Authority, the UK financial regulator, where she chaired its audit committee. Catherine also served as an independent member of the supervisory board of PEUGEOT S.A. where she chaired its finance and audit committee. Prior to embarking on her non-executive career, Catherine had a 30-year career in investment banking based in the US, the UK and Asia. She has French and British citizenship and was appointed a Commander of the Order of the British Empire (CBE) in June 2019.

External appointments: Catherine is a non-executive director of easyJet plc where she chairs its finance committee. She is also currently a non-executive director and chair of the nomination and corporate governance committee at Johnson Electric Holdings Limited, a Hong Kong listed company, and abrdn plc where she is chair of the audit committee, and chair of its wholly-owned subsidiary Interactive Investor Limited. Catherine is due to step down from the Board of abrdn plc at its upcoming AGM on 24 April 2024. She will remain chair of Interactive Investor Limited.

Key: Chair A Audit Committee N Nomination Committee R Remuneration Committee RB Responsible Business Committee

Jeff Carr, Non-Executive Director A N R

Appointed: June 2018

Skills and experience: Jeff became CFO of Reckitt Benckiser Group plc in April 2020. Reckitt Benckiser has operations in over 60 countries and a large number of globally trusted household brands and products. Jeff previously held an executive finance role with Reckitt Benckiser earlier in his career. Most recently, Jeff was CFO of Koninklijke Ahold Delhaize N.V. (Ahold Delhaize), one of the world's largest retail groups. Jeff was also previously group finance director at both FirstGroup plc and easyJet plc, and held a senior finance role at Associated British Foods plc, as well as a non-executive director role at McBride plc.

External appointments: Jeff is currently CFO of Reckitt Benckiser Group plc, the British multinational consumer goods company. He is due to retire from the Board of Reckitt Benckiser on 31 March 2024. Jeff has been appointed as a non-executive director of Tate & Lyle plc with effect from 1 April 2024.

Sophie Gasperment, Non-Executive Director RB N R

Appointed: December 2018

Skills and experience: Sophie brings to the Board expertise in strategy, brand and international retail markets as well as substantial experience in business transformation and digital capabilities, having held a number of senior leadership positions at L'Oréal, including managing director of L'Oréal UK & Ireland, and executive chair and global chief executive officer of The Body Shop, as well as 12 years as non-executive director at Accor where she chaired the Nominations, Remunerations and CSR Committee.

External appointments: Sophie is a senior advisor at the Boston Consulting Group. She is also a non-executive director of Givaudan S.A., an independent director of Société Anonyme de Participation et de Gestion (SPDG) and a non-executive director of Cimpress plc, a NASDAQ-listed technology company.

Rakhi Goss-Custard, Non-Executive Director A N R RB

Appointed: February 2016

Skills and experience: Rakhi is an experienced non-executive director, with expertise in digital retailing, strategy, analytics, and operational execution. She spent 12 years at Amazon in various senior leadership positions running many of Amazon's key categories, including high growth, mature and digital categories, in addition to being responsible for pricing across the UK. Prior to joining Amazon, Rakhi held roles at TomTom and in management consultancy in the United States. She was previously a non-executive director of Intu Properties plc and Rightmove plc.

External appointments: Rakhi is a non-executive director of Schroders plc. She is also a non-executive director of Trainline plc where she chairs the remuneration committee.

Bill Lennie, Non-Executive Director A N

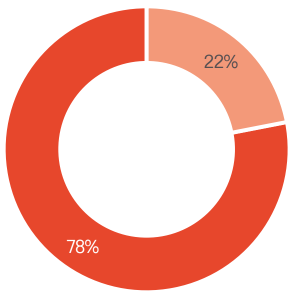
Appointed: May 2022

Skills and experience: Bill brings substantial industry experience to the Board, having spent 26 years at The Home Depot, Inc., the largest home improvement company in the world, where he had an outstanding track record of delivery supporting their remarkable growth during this period. Bill was most recently executive vice president, outside sales and services at Home Depot and retired in 2021. During his time there, he held many senior leadership roles including president, Canada and senior vice president, international merchandising, private brands, and global sourcing. Bill has a deep knowledge of merchandising and global sourcing, and experience in developing successful trade and services strategies. Before his time at Home Depot, Bill was merchandising manager for Lowe's Companies Inc. and millwork plant manager for Menards Inc.

External appointments: None

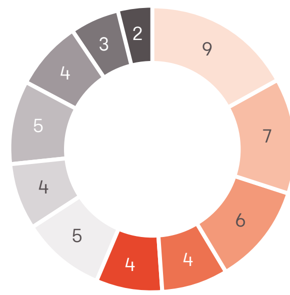
Board composition

Board independence



- Executive directors
- Independent non-executive directors

Director sector experience[1]



- Retail
- Digital
- International markets
- Former CEO
- Brand/marketing
- Listed market experience
- Remuneration/HR
- Matrix-model business[2]
- Home improvement sector
- Finance
- Sustainability

Board nationality

Dutch	1
US	2
French	3
British	3

Board diversity and ethnicity is set out on page 76

Board tenure

Current directors	Tenure at 31 January 2024 (0-3 years / 3-6 years / 6-9 years)
Andrew Cosslett	6 years, 10 months
Thierry Garnier	4 years, 4 months
Bernard Bot	4 years, 4 months
Claudia Arney	5 years, 3 months
Catherine Bradley	3 years, 3 months
Jeff Carr	5 years, 8 months
Sophie Gasperment	5 years, 2 months
Rakhi Goss-Custard	8 years
Bill Lennie	1 years, 9 months

1. To be counted for each skill area, a director is either required to have sustained executive or senior management experience, or meaningful non-executive experience.
2. Experience of multi-divisional/business unit model with responsibilities split across regions and the centre.

Board activities

Key activities of the Kingfisher plc Board in the year

Strategy S.172 considerations: 1 2 3 4 5 6	– Monitored delivery of the 'Powered by Kingfisher' strategic objectives and priorities. – Discussed a broad selection of potential longer-term strategic options and growth drivers to build on the 'Powered by Kingfisher' strategy and drive financial performance. – Considered the trends and factors that are driving change across home improvement and retail more broadly. – Assessed the impact of e-commerce on the Group's strategy given the continued shift online, highlighting e-commerce as imperative for growth, and endorsed the Marketplace rollout roadmap and order of launch. – Reviewed the competitive position across the Group's markets and what it means for banner-level ambitions. – Approved a joint-purchasing partnership with Mr. Bricolage in France. – Approved the acquisition of the trading assets of Connect Distribution Services Limited by Screwfix Spares Limited.

Finance and performance
 	
S.172 considerations:
1 3 6
	– Reviewed Kingfisher's progress through the CEO and CFO's reports, including:
	  – Approval of adjustment to full year PBT guidance (as reported in the Q3 Trading update);
	  – market and trading updates and guidance, including store and category performance;
	  – performance against budget and forecast, and progress of the Value Taskforce;
	  – dividend cover, and interim and final dividends; and
	  – cash flow, funding requirements, credit rating and leverage targets.
	– Approved the three-year plan and annual budget.
	– Approved the UK tax strategy and required disclosures.
	– Approved a share buyback programme to return a further £300 million of capital to shareholders.
	– Approved an extension to the Group's Revolving Credit Facility.

People, culture, vision and values S.172 considerations: 2 3 4	– Non-executive directors spent time with colleagues in stores and in banner offices to enhance their understanding and see firsthand the culture embedded across the Group. – Endorsed the 2022/23 Responsible Business Report for publication. – Reviewed progress against the inclusion and diversity pillars and the key priorities for 2023/24, including the launch and monitoring of the 'Together. Stronger' allyship campaign. This included allyship training being made available to the directors. – Received regular reports and monitored the level of health and safety incidents across the business. – Received feedback from colleagues through the Kingfisher Colleague Forum (KCF). – Reviewed progress against the People and Culture Plan and endorsed the key priorities for 2023/24. – Reviewed the Group Executive and senior management review findings, and endorsed the 2023/24 Talent and Succession plan. – Received updates on the community investments made during 2023/24.

Governance and risk
 	
S.172 considerations:
2 3 4 5
	– Received defence planning and Group valuation updates supported by our brokers and corporate advisors.
	– Reviewed feedback from investor and governance roadshows.
	– Held an in-person AGM and engaged with major shareholders on their reasons for voting against certain authorities requested to disapply pre-emption rights.
	– Reviewed the results and action plans resulting from the annual supplier survey.
	– Considered the resilience of the Group's supply chain in the context of geopolitical events, including mitigation plans.
	– Considered capital expenditure and investment decisions taken by the Group Investment Committee.
	– Approved:
	  – the Modern Slavery Transparency Statement;
	  – the Group's principal and emerging risks and risk appetite statement; and
	  – revisions to the Group's Delegation of Authority Policy.
	– Received annual updates on the Group's pensions and insurance arrangements.
	– Considered whistleblowing reported across the Group.
	– Evaluated the Board's performance in 2023/24 and monitored progress against the actions arising from the external 2022/23 evaluation.

Key

1 **Long-term impact**
2 **Interests of colleagues**
3 **Fostering business relationships**
4 **Impact on community and environment**
5 **Maintaining reputation for high standards of business conduct**
6 **Acting fairly between members**

Board effectiveness

2023/24 Board evaluation

The Board and each of its principal committees conduct an annual effectiveness evaluation and, in line with the Code, this is externally facilitated every third year. These evaluations are conducted in accordance with the Code and include consideration of skills, composition and performance.

Following an external evaluation process in 2022, this year's evaluation was conducted internally using the Better Boards platform. The questionnaire was tailored by the Chair and Company Secretary and covered the performance of the Board and its Committees and included a new component which allowed for individual feedback for each of the directors. Responses were benchmarked against data available through the platform.

A detailed report was prepared by the Company Secretary and considered by the Board along with progress against last year's actions. Directors concluded that the Board is working well and benefits from the trusted relationship between the Board and Executive Leadership and stability in the commercial model, credited in part to the recruitment of the CEO, Thierry Garnier in 2019. The Board determined to build on this established position through the following findings and actions to make best use of directors' time and the value they can bring to Kingfisher:

Finding	Action plan for 2024/25
Joint vision and alignment around the goals and focus of the Board	– Review the forward plan and potentially refine the Board's focus on fewer topics, critical to business and strategic performance.
Further improve the structure and organisation of the work of the Board	– Rationalise the annual cycle of Board events and conclude each scheduled Board meeting with a non-executive director-only discussion. – Redefine expectations and reinforce meeting discipline to reduce the overall weight of Board materials and allocate the majority of meeting time to questions and discussion.

The Chair met with each director, supported by the tailored reporting following the Board review to drive further improvements in Board performance in 2024. Catherine Bradley received separate reporting regarding the outcome of the Chair's evaluation and based on the review and discussion with other Board members, it was concluded that the Chair continued to operate effectively and that there were no concerns regarding his performance.

2022/23 External evaluation progress update

The table below outlines progress against actions agreed during the 2022/23 external evaluation.

Finding	Progress update
Keep under review the key drivers of long-term growth.	In July, the Board endorsed strategic plans – aligned with the 'Powered by Kingfisher' strategy for Castorama France, Brico Dépôt Romania and Screwfix International, during its mid-year strategic review. In November, the Board held a strategy day to consider Vision 2023, including a broad selection of potential longer-term strategic options and growth drivers beyond the company's usual three-year planning period. This included an assessment of the main trends driving change across home improvement and retail sectors, along with the opportunities for growth in key markets. At its January meeting, the Board endorsed a number of initiatives to accelerate the strategic plan for Castorama France, including a review of the store network and improvements to the efficiency of the operating model. The Board also received periodic deep-dives and quarterly performance updates on strategic KPIs.
Make further improvements to the information coming to the Board.	Enhancements were made to the guidance given to authors of Board papers to ensure that materials are succinct and allow sufficient time for a discussion of key topics. This has resulted in a reduction of more than 10 per cent in the average Board pack size when compared with the prior year.
Increase the Board's visibility of our people and culture.	Non-executive directors spent additional time this year in different parts of the business, visiting operational sites and meeting with colleagues below senior management level. These visits have included: – Brico Dépôt, Longpont – Castorama, Warsaw – B&Q, Dartford – Screwfix Head Office, Yeovil – Digital & Technology, London – Kingfisher Colleague Forum events – Screwfix LIVE, Farnborough Non-executive directors wrote short summaries of their findings which were included in subsequent Board packs. In addition to the Board meetings held in Lille and Warsaw which included time with local management teams, the Board also held a number of 'teach-in' sessions which have enabled Board members to meet a range of colleagues across the business whilst enhancing understanding in key areas, including trade proposition, Generative AI and small store concepts.

Nomination Committee report

Dear Shareholder,

The role of the Nomination Committee is to ensure the Board maintains the required skills and experience to boost business resilience and deliver the 'Powered by Kingfisher' strategy. This report describes the Committee's activities during the year.

Andrew Cosslett
Chair of the Nomination Committee

24 March 2024

Membership and attendance

	Eligible	Attended
Andrew Cosslett[1]	3	3
Claudia Arney	3	3
Catherine Bradley	3	3
Jeff Carr	3	3
Sophie Gasperment	3	3
Rakhi Goss-Custard	3	3
Bill Lennie	3	3

1. Chair of the Committee.

The Nomination Committee solely comprises independent non-executive directors. Its terms of reference are reviewed annually and are available on the company's website. The Chair of the Committee reports on its activities during each subsequent Board meeting.

During the year, an internal evaluation of the Committee's effectiveness was undertaken as part of the broader evaluation of Board performance. The evaluation concluded that the Committee operates effectively and raised no areas of immediate concern.

Further detail on the evaluation process can be found on page 74.

Board composition and succession planning

The Board considers its own performance and composition annually as part of the Board evaluation process. More detail on this process can be found on page 74 . During the year, the Committee considered the Board's succession needs, including the current size of the Board, the skills, tenure, and diversity of its makeup and, the experience and competencies that may potentially be additive in the context of the 'Powered by Kingfisher' strategy. In June 2023, the Committee agreed the appointment of Sophie Gasperment to the Remuneration Committee and noted that Andrew Cosslett would step down as a member in parallel.

We also continued to plan for the succession of roles at the Board and Group Executive level to maintain the relevant mix of skills, experience, and capabilities in key areas. This included detailed consideration of the succession plans in place for executive and key senior leadership roles, including the CEO and CFO, as well as potential initiatives to strengthen its pipeline.

To support these processes at Board level, we have used our skills and experience matrix to capture and monitor the combined strategic and committee experience considered relevant and appropriate for Kingfisher, as a UK-listed company and an international, matrix-model retail business. During the year, the Committee agreed the addition of 'sustainability' as an area of expertise the Board wish to monitor in the context of the skills and experience matrix.

The skills of our directors are summarised on page 72, including those considered to possess 'sustainability' expertise.

Selection and appointment of Board members

During the year, the Committee initiated a search process for a new non-executive director role to bring additional digital commercial experience to the Board. An outline of the process followed by the Committee when conducting a search for a new director role is set out below.

Search process

1. Board composition review

The Committee evaluates the structure, size and composition of the Board and its committees, including the balance of skills, knowledge, experience, diversity, and tenure of the directors and taking into account the company's business model, strategy, and external environment. We then agree the search criteria.

2. Role brief development

A comprehensive role brief is prepared that is aligned to the desired Board and Committee composition, our Board Inclusion and Diversity Policy, and any other relevant corporate governance requirements, including the time commitment expected. All role briefs should be free from bias.

3. Shortlisting

The company's retained search consultants prepare an initial longlist of candidates from a broad range of backgrounds. The Chair and Company Secretary then coordinate with the search consultants to refine this into a shortlist for review by the Committee. We then agree the candidates for interview based on merit and against objective criteria, whilst considering all types of diversity and the time available to devote to the position. Where appropriate, the Committee challenges the scope of the search and breadth of the pool from which the longlist has been drawn.

4. Interview

Through a multi-stage interview process, every effort is made to ensure that prospective candidates meet with all directors, by committee where appropriate. Initial interviews will include the Chair, CEO and SID and will be flexed as appropriate for the role in question. After the first round of interviews, it is agreed which candidates should be invited to participate in subsequent interview rounds.

5. Recommendation to, and approval by, the Board

Upon completion of a search, the Committee will make recommendations for new appointments to the Board for approval.

The Committee is supported by Egon Zehnder, our retained search consultants, for the selection and appointment of Board members. Egon Zehnder is an accredited firm under the UK Government's Enhanced Code of Conduct for Executive Search Firms and a signatory to the latest Standard Voluntary Code of Conduct for Executive Search Firms (the Voluntary Code), supporting gender and ethnic diversity on corporate boards. Egon Zehnder do not have any other relationship with the company or its directors.

Nomination Committee report continued

Induction

Each new director receives a tailored induction to help establish a clear understanding of the company's operations and challenges, aspirations, governance and culture. Delivery is phased so that the induction can be customised at each step based on the individual director's feedback. As well as tailored features, each induction programme ordinarily includes:

- Individual one-to-one meetings with all directors and the Company Secretary.
- Meetings with members of the Group Executive, senior members of Group functions and banners, and may also include the external auditors, brokers, investors, and legal advisers.
- Briefing sessions on the activities of each of the Board's committees.
- Visits to the company's stores, office locations, and key sites across the business.
- Introduction and ongoing access to the Board's online resources, including to meeting minutes, key governance and reference materials, and briefings on market status and competition.

Board inclusion and diversity

The Kingfisher Board believes in the value of inclusion and diversity throughout the company. Kingfisher's Group-wide People and Culture Plan is set out on pages 14 to 16, including the gender diversity of senior management and colleagues; the Committee supports the work undertaken by management to strengthen gender and ethnic diversity in leadership which continues to be a priority for the company.

The Kingfisher Board believes that it is in the company's best interests to have a diverse board that reflects the communities in which we operate. A diverse board champions a culture that is fully inclusive and benefits overall board composition, board effectiveness and decision-making.

As part of director searches, the Committee considers the search pool to ensure it is sufficiently wide and covers candidates with a mix of backgrounds and diversity that may include race, disability, gender, sexual orientation, beliefs, and age, as well as culture, personality, professional and educational background, and work style. The Committee always considers the Board's current and desired composition, bearing in mind these considerations, when making our recommendation to the Board on any new appointment. Kingfisher's Board Inclusion and Diversity Policy (the 'Policy') supports the Board in achieving this aim and the Committee keeps it under review and monitors the company's performance against its objectives annually. The Policy is available on our website.

Statement on Board diversity targets

The Policy objectives align with the targets set out in the FCA Listing Rule 9.8.6R(9) and the Committee is pleased to confirm that as at 31 January 2024 all three of the targets set out within the Policy and the Listing Rules have been met, as outlined below.

- Maintain at least 40% female directors on the Kingfisher plc Board. **Target met; 44% of Board directors are women.**
- Maintain at least one woman in a senior Board position (Chair, Chief Executive Officer, Senior Independent Director, or Chief Financial Officer). **Target met; our Senior Independent Director is a woman.**
- Maintain at least one Board director from an ethnic minority background. **Target met; one Board director is from an ethnic minority background.**

In accordance with the Listing Rules, numerical data on the gender[1] and ethnic diversity of the Board and executive management[2] is set out below.

Gender and ethnicity data reported below was collected directly from Board and executive management members via a secure questionnaire using the categories listed in the tables below as at 31 January 2024. The data was processed and retained in accordance with the Group's Data Protection Policy .

Data protection laws in certain jurisdictions have prevented the collection of data on ethnicity for certain Board and executive management members who are resident in those jurisdictions. Those individuals have been recorded in the 'not specified' category for the disclosure on ethnic background.

Gender (sex) as at 31 January 2024

	Number of Board members	Percentage of the board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Man	5	55.5%	3	8	66.6%
Woman	4	44.4%	1	4	33.3%
Not specified/ prefer not to say	–	–	–	–	–

1. The data reported is on the basis of sex.
2. Per the definition within the Listing Rules, executive management is defined as the Group Executive and the Group Company Secretary.

Ethnic background as at 31 January 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	77.7%	3	10	83.3%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	11.1%	–	1	8.3%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	1	11.1%	–	1	8.3%

Our approach to collecting data more broadly for employees including senior leadership across the Group is set out in the people and culture section on page 16.

As well as the Listing Rules Board diversity targets, the Board continued to meet the targets of the FTSE Women Leaders Review and since 2016, the Parker Review targets on ethnic diversity (as required for the relevant year). The Committee continues to support the 2023 recommendations of the Parker Review and, during the year, endorsed a new target for senior management positions that will be occupied by ethnic minority executives by December 2027.

In alignment with the Parker Review, we have set a milestone target of 12.5% ethnic diversity in the Group Executive and their direct reports based in the UK (and on UK contracts) by 2027. We have used our own definition of senior leadership as Parker permits, taking into account local practices and legislation requirements. Currently this group is 8% ethnically diverse, based on self-identification against UK ONS categories.

Independence, time commitment, and re-election to the Board

New directors are advised of the time commitment expected from them on appointment. During the year, the Committee conducted its annual review of the non-executive directors' independence and time commitments taking into account the recommended guidance from investor bodies and our larger shareholders, as well as their attendance rate at Board and relevant Committee meetings. Having due regard to their performance and ability, contribution to the company's long-term sustainable success and the need for progressive refreshing of the Board, the Committee also considered and recommended for re-election to the Board, those Directors who wish to stand at the 2024 AGM. The Committee believes that each non-executive director remains independent and is not overextended or unable to fulfil their duties to the Board. Directors have demonstrated a strong commitment to their roles in their attendance at Board and Committee meetings set out on pages 69, 75, 78, 80 and 84 of this report.

In line with directors' appointment terms, the Board considers existing time commitments before approving new appointments, and directors give careful and ongoing consideration to their external time commitments to ensure that they can devote an appropriate amount of time to their role at Kingfisher.

All directors are subject to annual re-election by shareholders, as required by the company's Articles of Association.

Kingfisher's policy allows executive directors to hold one external non-executive directorship.

Our areas of focus in 2024/25

- Continued focus on succession planning at the Group Executive level and monitor initiatives to support the development of the Group's pipeline for executives and senior leadership.
- Support the delivery of the Board Inclusion and Diversity policy and objectives which have been aligned with the recommendations of the 2023 iterations of the FTSE Women Leaders and Parker reviews, respectively.
- Continue to support Board-level inclusion and diversity throughout the succession planning process.

Responsible Business Committee report

Dear Shareholder,

The Responsible Business Committee supports and oversees the delivery of the Group's Responsible Business strategy, an integral part of 'Powered by Kingfisher'. Further detail on our Responsible Business strategy is set out on pages 24 to 27 and in the Responsible Business Report available on the company's website.

The Committee champions Kingfisher to deliver on our ambition to lead the industry in Responsible Business practices, ensuring that it is robust, transparent, accountable, and integrated into our governance. This includes monitoring performance against the Responsible Business priorities and providing frequent support and advice to the Group Executive and the Board on all Responsible Business matters. During the year, the Committee continued to prioritise our stakeholders to drive positive change for our customers, colleagues, communities and the planet, whilst remaining integral to the wider strategic agenda. The Committee was kept updated on the evolving external environment in relation to ESG regulation and reporting, regarding consumer sentiment and new business opportunities, and informed the actions being taken by the business to respond to these changes.

Meeting materials are structured to support the Committee to oversee the delivery of our Responsible Business priorities, maximise stakeholder engagement, ensure meaningful focus on the Responsible Business fundamentals, and facilitate adequate challenge by Committee members. In 2023, this included a session with an external speaker with direct experience of implementing responsible business practices to stimulate debate and share learnings. Board and Committee members also receive a variety of reports on a regular basis, including Responsible Business KPI performance tracking. The Committee is made aware of significant updates across the annual reporting cycle, which during the year included additional updates on Kingfisher's approach to ESG reporting, investor engagement and ratings, and through the Group Climate Committee, the actions and decisions being taken by the business to drive the Group's climate-related agenda.

Sophie Gasperment
Chair of the Responsible Business Committee

24 March 2024

Membership and attendance

	Eligible	Attended
Sophie Gasperment[1]	3	3
Rakhi Goss-Custard	3	3
Thierry Garnier	3	3
John Mewett	3	3
Kate Seljeflot	3	3
Henri Solère	3	2

1. Chair of the Committee.

The Committee has three scheduled meetings each year one of which is convened to consider the output of the Committee's annual performance review.

The Responsible Business Committee comprises two independent non-executive directors, our CEO and other members of the Group Executive. Its terms of reference are reviewed annually and are available on the company's website. The Chair of the Committee reports on its activities at each subsequent Board meeting.

During the year, an internal evaluation of the Committee's effectiveness was undertaken as part of the broader evaluation of Board performance. The evaluation concluded that the Committee operates effectively, and raised no areas of immediate concern. However, Committee members suggested ways to consolidate the Committee's effective operation.

Further detail on the evaluation process can be found on page 74.

Colleagues

The Committee continued to track colleague sentiment on our Responsible Business agenda through the analysis of data and insights, and the evaluation of actions in place to support strong employee engagement on this topic across Kingfisher. The Committee remains close to the outputs of the colleague engagement survey and the initiatives in place to promote the colleague experience of Responsible Business and best practice sharing across the Group.

The Committee heard regular updates on developments across Responsible Business colleague activations. This included initiatives to support an inclusive and diverse culture such as 'Together. Stronger', the Group-wide allyship campaign, which had been co-created with colleagues, as well as recent activity to deliver against our skills for life commitment and new training targets, including banner updates on the apprenticeship programmes in B&Q and Kingfisher France.

During the year the Committee also reviewed colleague communications and engagement campaigns, including the water saving campaign, aimed at both customers and colleagues and which sought to bring to life the challenges of water scarcity and the solutions and products to help mitigate against this.

Customers

The Committee reviewed the impact and effectiveness of the customer pillar of the Responsible Business strategy and used its expertise to guide engagement plans with customers. This included a deep dive on the performance and ongoing development of the Sustainable Home Products (SHP) programme, the Green Star product mark initiative and associated customer communications.

The Committee also heard from banners on customer programmes such as B&Q's wide-ranging Responsible Business Build a Life Project, and Castorama Poland's Clean Air Project, which seeks to improve energy efficiency in customers' homes by offering a complex end-to-end solution (products and services) and thereby support customers in reducing their carbon emissions.

Planet

The Committee assessed progress against the planet pillar of the Responsible Business strategy, with a specific focus on our responsible forestry programme, Forest Positive. The review included consideration of the rapidly changing external landscape including stakeholder impact and the evolution of our programme. The Committee provided guidance on future focus areas, the renewal of Kingfisher's partnerships, local market forest initiatives and projects in banners.

The Committee oversaw the actions and decisions of the Group Climate Committee, which included Kingfisher's approach to setting and delivering carbon emissions reduction targets, managing climate-related risks, opportunities and reporting requirements, both internally, through our governance structures and externally, through engagement with regulators and other retailers.

Communities

The Committee monitored the impact and breadth of community projects and investment across banners, including the banner foundations and the success and reach of the communities programme to date. This covered our response to situations of conflict and disasters, such as the earthquakes in Turkey, Syria and Morocco, and deep dives on projects undertaken by the Group and the banner foundations with our charity partners during the year including the B&Q foundation's inaugural Pride campaign and Brico Dépôt Iberia foundation's initiative focused on helping homeless people into better homes.

The Committee guided on the selection process for funded projects and opportunities for colleagues to engage in the communities work programme.

Our areas of focus in 2024/25

In 2024/25, the Committee will continue to support and guide the business to leverage our Responsible Business ambitions to create value and optimise the delivery and impact of our Responsible Business priorities, in line with the Company's strategy. This will include:

- Colleagues: assessing the impact of inclusion and diversity, and engagement initiatives across the Group.
- Communities: evaluating the impact of our communities programme.
- Planet: appraising the Group's Climate Transition Plan.
- Customers: supporting customer initiatives to help customers create more sustainable homes.

Audit Committee report

Dear Shareholder,

The role of the Audit Committee is to provide independent challenge and oversight on behalf of the Board, of the accounting, financial reporting, risk management and internal control systems of the Group. It also oversees our Internal Audit function and Kingfisher's relationship with our external auditor, Deloitte LLP (Deloitte). The Committee has an annual forward agenda which evolves as the risks and priorities of the business change.

As part of an ongoing programme of scheduled risk and control updates, the Committee received presentations from banners and Group functions during the year regarding their control environments and the mitigating actions in place to manage key risks. Topics that the Committee considered, included:

- Controls in place to mitigate the risks related to the growth of the Group's e-commerce marketplace.
- The control environment within B&Q and the measures in place to protect the profitability of the business model.
- The market, and strategic, commercial and operational risks faced by the Group's French banners and actions taken to address these.
- A review of supply chain risks and adjustments made to reduce these.
- The evolving legal and regulatory risks associated with technology, including regulation of AI and the Group's preparedness for potential new requirements.

In addition to these updates and the usual periodic reporting and audit activities, the Committee continued to monitor the implementation of the Group's Internal Controls over Financial Reporting (ICFR) programme. Good progress was made during the year in relation to completion of control design assessments, substantive testing of controls and design improvements ahead of further testing in 2024. The Committee noted the withdrawal of certain draft reporting regulations by the UK Government during the year and the amendments made by the Financial Reporting Council (FRC) to the UK Corporate Governance Code in January. The Committee is currently reviewing the new Code and associated guidance, particularly in relation to internal controls, but we are confident that the design of our ICFR programme puts us in good stead to meet the new requirements over the coming years.

The following pages further describe the Committee's activities and key judgements during the year.

Jeff Carr
Chair of the Audit Committee

24 March 2024

Membership and attendance

	Eligible	Attended
Jeff Carr[1]	4	4
Catherine Bradley	4	4
Rakhi Goss-Custard	4	4
Bill Lennie	4	4

1. Chair of the Committee.

The Audit Committee is comprised solely of independent non-executive directors. Jeff Carr is a qualified chartered accountant and a CFO with experience in both the retail sector and UK-listed companies. His financial experience makes him the right person to fulfil the Committee's responsibilities and the Code requirements.

During the year, an internal evaluation of the Committee's effectiveness was undertaken as part of the broader evaluation of Board performance. The evaluation concluded that the Committee operates effectively and raised no areas of immediate concern.

Further detail on the evaluation process can be found on page 74.

Always 'fair, balanced and understandable'

All company financial statements and results announcements are reviewed by the Committee with the support of the Disclosure Committee. It is the Committee's role to consider and challenge management regarding accounting principles, policies and practices applied, as well as any financial reporting issues and significant judgements made. The Disclosure Committee comprises the CFO, Group Company Secretary, Group General Counsel, and Group Investor Relations Director.

After reviewing the 2023/24 Annual Report and Accounts and full-year results announcement, we recommended to the Board that the disclosures, and the processes and controls underlying their production, met the legal and regulatory requirements for a UK listed company. We believe that taken as a whole, the Annual Report and Accounts and announcement of full-year results were fair, balanced, and understandable. Our review extended to the publication of these documents in a structured XHTML web browser format and electronic tagging of the primary financial statements, ensuring that the necessary procedures had been completed by all parties, including our technical accounting team and a specialist IT provider. No external assurance was considered necessary for the electronic tagging.

Going concern and viability statements

The Committee received a report on both the company's ability to continue operating as a going concern and on the rationale and risk mitigations underpinning the sensitivity analysis undertaken. This analysis included the modelling of a remote downside scenario which estimated the impact of a demand or supply shock preventing the Group from realising a large part of its sales during the peak trading period. The Committee is of the view that the company would have sufficient headroom under its key financial covenants. Following review, we recommended both statements for approval by the Board.

The viability statement and going concern are set out on pages 65 to 67.

Significant financial reporting matters

We assess all issues that may affect the integrity of the company's published financial statements to ensure that each is treated appropriately. For 2023/24, we monitored the following significant financial reporting matters and took appropriate actions. The Committee discussed these matters with Deloitte and, where appropriate, they have been addressed as key audit matters in the independent auditor's report from page 114.

Matter considered	Role of the Committee	Conclusion
Does the carrying value of **stores and goodwill** require any **impairment** charges or reversals?	– We examined the results of management's year-end impairment exercise and assessed the validity of cash flow projections based on the company's three-year strategic plans and the financial assumptions used. These assumptions included forecast sales growth, margin and operating profit percentages. – Our review included consideration of actual trading during the year, expectations for the future market environment, and the impact of Kingfisher's strategy. – We reviewed the long-term growth rates, based on inflation expectations, and the discount rates, which take into account the cost of equity and debt. We also assessed management's approach to identifying impaired stores. – Sensitivity analyses were reviewed for the impact of changes in operating cash flows and discount rates on both store impairments and the level of goodwill headroom.	– The Committee endorsed the recognition of store net impairment charges of £76 million (recorded as adjusting items), principally in France and Romania, and an £8 million impairment of goodwill, relating to the NeedHelp business, and the associated disclosures. Refer to notes 3, 6, 13, 15 and 17 to the consolidated financial statements.
What should the treatment of liabilities and contingent liabilities be in relation to **uncertain tax positions**?	– We reviewed various tax positions and audits across the Group's jurisdictions. These included transfer pricing arrangements and the European Commission state aid investigation, including the latest proceedings and expected decisions regarding the latter. This review included the appropriate recognition, measurement and presentation of assets and liabilities recorded, and the classification and disclosures of contingent liabilities.	– The Committee endorsed management's accounting judgements relating to uncertain tax positions. In relation to the state aid case, a non-current asset of £68 million is recorded on the balance sheet, reflecting the amount paid to the UK tax authorities in 2021/22 plus accrued interest, and which continues to be considered recoverable. Refer to notes 3, 10 and 35 to the consolidated financial statements.
What are the principal judgements relating to **inventory provisioning**?	– We closely monitored the levels of inventory in each banner as well as the performance of the Group's OEB and the estimated impacts on future selling prices of range review and clearance activities. This included consideration of our trading performance, in particular in France and Poland, stock availability, the Group's reduction in inventory levels including seasonal stock, new ranges and the impact of inflation. – The key consideration was the appropriateness of the Group's inventory provisions and policy, which considers factors including stock turn, range or de-listed status, shrinkage, damage, and obsolescence when assessing net realisable value. This included an assessment of any significant judgemental provisions or exclusions from the standard mechanical provision calculations.	– The Committee endorsed management's accounting estimates relating to inventory valuation (£2.9 billion in note 19 to the consolidated financial statements), and that the provisions recorded were appropriate considering the quality and profile of inventories held by the Group at the reporting date. Refer to notes 3 and 19 to the consolidated financial statements.
Are appropriate actuarial assumptions being used in respect of the **valuation** of the **pension schemes**?	– The Committee reviewed the principal financial and demographic assumptions used to value the Group's defined benefit pension schemes, in particular for the significant UK scheme. This included the assumptions used for discount rate, pension increases and mortality.	– The Committee endorsed management's accounting estimates relating to defined benefit pensions and the recognition in other comprehensive income of £42 million of net remeasurement losses. Refer to notes 3 and 28 to the consolidated financial statements.

The Committee also reviewed the relevant disclosures in relation to climate change, including compliance with the Task Force on Climate-related Financial Disclosures (TCFD) requirements, and considered whether the impact of climate change represented a key source of estimation uncertainty or critical accounting judgement in the financial statements. The Committee endorsed management's disclosures and its assessment that climate change does not represent a key source of estimation uncertainty or a critical accounting judgement, given the limited financial impacts expected in the time horizons used in forecasts such as for going concern or impairment testing purposes and the mitigations and opportunities available to the Group in the longer term.

External audit

The Committee's oversight of our relationship with our external auditor includes making recommendations to the Board regarding their appointment, reappointment, and removal, as well as continuously assessing their independence and negotiating the audit fee. The Committee recognises the importance of encouraging challenge by the auditor and satisfying itself that the quality of the audit is of a high standard. We believe that quality objectives set by Deloitte have been achieved in relation to this year's audit and that the approach is tailored to the Company's business and its control environment. The fees paid to Deloitte for their audit services in 2023/24 are set out in note 8 to the consolidated financial statements. Deloitte were appointed as auditor in 2009/10 and subsequently reappointed in 2019/20 after a comprehensive and competitive audit tender process.

Nicola Mitchell has been external audit engagement partner since the start of the 2019/20 process. Under the FRC's Ethical Standard, engagement partners must cease their participation in a statutory audit five years after appointment and, as such, the 2023/24 audit will be the fifth and final year for Nicola as engagement partner. During the year, the Committee endorsed Deloitte's appointment of Dave Griffin as engagement partner from the 2024/25 audit following a handover period with Nicola. The Committee wishes to place on record its thanks to Nicola for leading an independent, objective and effective audit process over the last five years.

The company will be required to put its external audit out to tender again no later than the audit of the financial year ending 2029/30 and, in view of this, the Committee has commenced a high-level planning process to ensure that the transition to a new auditor is as smooth as possible. Kingfisher continues to comply with the Statutory Audit Services Order 2014 and the Code.

Non-audit services

Deloitte also engage in a range of non-statutory audit services such as the interim review, additional assurance procedures, shareholder circulars, regulatory filings and certain business acquisitions and disposals for which we may consider them from time to time. Work in any of these areas is awarded by competitive tender.

We review our policy governing the use of Deloitte to provide non-audit work each year to make sure it reflects the FRC's Ethical Standard as applied to listed public interest entities. The current policy approved in 2020 and reviewed by the Committee during the year, can be found on the website.

Fees for non-audit services are also set out in note 8 to the consolidated financial statements.

Independence, effectiveness, and reappointment

During the year, the Committee considered Deloitte's independence and decided that no breaches of policy had been identified. We have not found anything that would call into question their independence or objectivity in providing a true and fair opinion on the company's financial statements and Annual Report. In addition, Deloitte confirmed they were not aware of anything that they should bring to the company's attention in relation to their independence and objectivity. The Committee also considered Deloitte's effectiveness and, through a survey of the Committee members and management, reviewed the experience and expertise of the audit team, as well as the quality of planning and execution of the audit. This review was supported by management discussions and feedback from the banners and Group functions, with the conclusion reached that the audit was judged to be effective.

Following the outcome of this evaluation process, the Committee recommended Deloitte's reappointment under the current external audit contract for the financial year ending 2023/24 and this was approved at the 2023 AGM. The Board also expects to propose Deloitte's reappointment at the 2024 AGM.

Accountability, risk management and internal control

Ensuring accountability

On behalf of the Board, the Audit Committee oversees the company's system of internal control, including its risk management framework and the work of the Internal Audit function.

Internal Audit reports directly to the Committee and has authority to review any part of the organisation and to oversee the audit and risk committees of the banners. Internal Audit reports annually to the Board and regularly to the Group Executive and Audit Committee so that our leadership always has objective assurance on the control environment across the Group.

The Group's approach in this regard complies with the requirements of the Code and was developed with reference to the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Committee provides an independent overview of internal control matters while Deloitte's reports to the Committee include key audit risk and control findings relevant to the audit process.

During the year, the Committee has continued to monitor the implementation of an enhanced framework for Internal Controls over Financial Reporting (ICFR programme). This has included reviewing the output of control design assessments and monitoring the status of substantive testing work. Following the release of the new UK Corporate Governance Code in January 2024, the Committee is currently reviewing the scope of the ICFR programme to ensure that it is aligned with the amended provisions.

In addition to financial controls, the Committee receives regular updates on litigation and compliance, including reports on the company's 'Speak Up' whistleblowing hotline. Operating as a responsible business is a key element of the 'Powered by Kingfisher' strategy and the Committee plays a fundamental role in overseeing the process to ensure the highest ethical standards are maintained across Kingfisher's business.

More information on the company's Code of Conduct and the role of the Group Ethics and Compliance Committee can be found on page 27.

Managing risk and internal control

The risk assessment process in place across the Group directly impacts the way in which significant business risks are identified, measured, and managed. The Committee's consideration of risk management and internal control is driven primarily by the company's assessment of its emerging and principal risks and uncertainties, discussed on pages 59 to 64. During the year, the Committee received briefings from the Internal Audit and Risk Director, as well as from banner CEOs and Group function directors, on operational risks and associated controls, including on risk mitigation and control improvements.

The Board is responsible for establishing a framework of effective controls for assessing and managing risk. Our internal control environment is codified in a suite of policies, procedures, operating standards, and delegated authorities to ensure the right actions are approved and taken quickly. We aim to manage rather than eliminate the risk of failure to achieve our business objectives as it is not possible to provide absolute assurance against material misstatement or loss.

Management is responsible for applying judgement when evaluating and managing the risks the company faces as part of its operations.

The company's approach to risk management is also discussed on page 59.

There are clear processes for controlling and monitoring the system of internal control and reporting any significant control failings or weaknesses. These include:

- The annual planning process and regular financial reporting to compare our results with those set out in our strategic plan and against previous performance.
- Quarterly updates on financial risks and ICFR are made against the global controls framework prescribed by the Group and detailed control design assessments updated by all banners and global functions for each reporting period.
- Reports from the CEO and CFO at each Board meeting.
- Periodic reports from banner CEOs and Group function directors on the control environment in their businesses and improvements made thereto.
- Reports and presentations to the Board on certain specialist risks, including treasury, insurance, tax, governance, cyber threats, and pensions.

Additionally, banner CEOs and Group function directors certify compliance with the Company's policies and procedures and that the relevant internal controls were in operation during the period. Any weaknesses are highlighted, and the results are reviewed by the Internal Audit and Risk Director, the CFO, the Committee, and the Board. Furthermore, full substantive testing of financial reporting controls is in the process of being rolled-out across the Group to support the updated global controls framework.

Each year, the Internal Audit function's reviews are aligned to the company's principal risks. The function works with the banners and Group functions to develop, improve, and further embed risk management activities into their operations.

Group Internal Audit

During the year, the Committee received progress updates from the Internal Audit and Risk Director on:

- The company's risk management systems.
- Detailed outputs of internal audits conducted in several areas, including:
  - Strategic: Marketplace roll-out in the UK and Iberia.
  - Financial risks: rebates recognition, customs duties, stock provisions, GFR and GNFR, treasury & consolidation systems, payroll, and record to report processes.
  - Operational risks: forecasting, replenishment and new range implementation, property tendering, critical supplier management, product quality, supply chain resilience, social media management as well as technology risk areas including: data science governance, API management and General IT Controls.
  - Compliance risks: ethical sourcing, GFR contract management, GDPR management of inactive customers, timber chain of custody, factory visits, expenses, policy compliance and awareness.

The remit, organisation, and resources of the Internal Audit function were reviewed as part of the internal effectiveness evaluation that was conducted internally by the Company Secretary and captured the views of Committee members, executive directors, and senior management including banner CEOs and Group function directors. The Committee and management continued to rate the Internal Audit function highly and, in doing so, agreed a number of actions to continue to enhance the work of the function and its role within the business.

Directors' remuneration report

Dear Shareholder,

As Chair of Kingfisher's Remuneration Committee, I am pleased to present the Directors' remuneration report for 2023/24. In this statement, I describe the key items considered by the Committee during the financial year, including the incentive outcomes for the year as well as the broader context of remuneration at the company. These are also contained within our Annual Remuneration Report which describes how our Policy was implemented during 2023/24, and how the Policy will be implemented in 2024/25. This, together with the Annual Statement, will be put to an advisory vote at the 2024 AGM.

Also included in this report is our Directors' Remuneration Policy which was approved by the majority of our shareholders at the 2022 AGM.

Performance during the year

Against a backdrop of various macroeconomic and consumer challenges, we have seen varied trading conditions and performance across our key markets. In the UK & Ireland, we delivered resilient sales and market share growth, while in France and Poland low consumer confidence and a tough economic backdrop impacted our sales performance.

Our adjusted pre-tax profits for the Group were £568 million for the year while our total sales were £12,980 million. We are continuing to make good progress on our digital and own exclusive brand (OEB) offerings, with Group sales penetration of 17.4% and 45% respectively due in part to strong marketplace sales growth at B&Q and the successful range refreshes in OEB.

We remain committed to delivering returns to shareholders. The Board is proposing a final dividend of 8.6p, resulting in a total dividend for the year of 12.4p. This, when combined with the share buyback programme, resulted in £397 million being delivered to shareholders for the year.

The company continues to lead on Responsible Business, as shown in the Responsible Business section on pages 24 to 27. We have progressed on our agenda under all four of our pillars over the year including further reduction of operational carbon emissions, increase in the number of sustainable products sold and increased representation of women amongst our senior leaders and managers.

While the economic environment remains uncertain, we are committed to delivering on our purpose and priorities, both in the short and long term. This would not be possible without our colleagues across the business, whom I would like to once again thank for their commitment and support.

Our wider workforce

Kingfisher is committed to creating a workplace where everyone is treated equitably. Store colleagues' pay rates have been reviewed as part of the April 2024 pay review. As per prior years, increases proposed for these colleagues are generally above or in line with proposals for management colleagues. In light of the UK Government's announcement of the largest ever increase in the rate of National Living Wage and National Minimum Wage effective 1 April 2024, B&Q and Screwfix store colleagues' pay rates will increase to £12.21 and £12.15 per hour respectively (an increase of c.15% from 1 April 2023). From 1 January 2024 paid

In this report

About this report

The Directors' remuneration report, on pages 84 to 109, has been prepared in compliance with the remuneration disclosures required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and include the items required to be disclosed under 9.8.6R and 9.8.8R of the Financial Conduct Authority's Listing Rules. Where information disclosed has been subject to audit by the Group's auditor, Deloitte LLP, this is highlighted.

During the year, an internal evaluation of the Committee's effectiveness was undertaken as part of the broader evaluation of Board performance. The evaluation concluded that the Committee operates effectively and raised no areas of immediate concern. Further detail on the evaluation process can be found on page 74.

Committee composition

The Committee comprised the following members during the year:

	Eligible	Attended
Claudia Arney[1]	3	3
Catherine Bradley	3	3
Jeff Carr	3	3
Andrew Cosslett[2, 4]	3	3
Rakhi Goss-Custard	3	3
Sophie Gasperment[3, 4]	3	3

1. Chair of the Committee.
2. Andrew Cosslett stepped down as a member of the Committee on 27 June 2023.
3. Sophie Gasperment was appointed as a member of the Committee on 27 June 2023.
4. Andrew Cosslett and Sophie Gasperment were eligible, as Board members, to attend meetings throughout the year, and this is reflected in the table above.

In addition to the scheduled meetings reflected in the table above, one ad hoc meeting was held during the year.

Non-executive directors, who are not members, may also attend Committee meetings. The CEO, CFO, CPO, Group Reward Director, Executive Reward Manager and the Committee's remuneration advisers were regular attendees at Committee meetings held during the year. No individual was present when his or her own remuneration or benefits were discussed.

breaks have been removed in B&Q with store colleagues now either spending less time at work for the same pay or being at work for the same hours for more pay. This will also happen in Screwfix from 1 April 2024.

In response to continuing ongoing inflationary pressures and resulting impact on cost of living, Kingfisher implemented a number of targeted reward initiatives in 2022 and 2023 including a colleague support fund in the UK and colleague discounts on products, including energy saving products, in the UK and Romania. These initiatives have been well received and continue to be utilised. We will continue to monitor inflation and cost of living in all our markets so we can continue to ensure colleagues are appropriately supported.

The Committee has also been updated on the progress of implementation of the new EU Pay Transparency Directive which impacts the majority of our locations. This directive aims at increasing pay transparency and will be taken into consideration by the Committee as part of their review of wider workforce conditions.

The Committee continues to oversee Kingfisher's gender pay report, which is available on our corporate website. As evidenced in our People and Responsible Business Sections on pages 14 to 16 and 24 to 27 respectively, we remain committed to developing more inclusive leaders and improving gender representation across our business.

The Group did not consult with colleagues when drafting the Directors' Remuneration Policy approved in 2022. However, as part of Kingfisher Colleague Forums, the joint forums of management and colleague representatives, in both 2022 and 2023 colleagues were advised on remuneration arrangements of executive directors including their market alignment and how these align with the arrangements offered elsewhere in the organisation. Colleagues were invited to ask questions and welcomed our transparency on this topic.

Our Remuneration Policy

Our current Remuneration Policy was well received by shareholders with an approval vote of over 93% at the 2022 AGM. In line with requirements, the Committee will be reviewing this Policy during 2024 and 2025 to ensure it continues to align with the long-term priorities of the Group and takes into account corporate governance requirements. Shareholders will be consulted on the outcomes of the review and the new Policy will be submitted for approval at the 2025 AGM.

Decisions made by the Committee during the year

Taking into account the performance during the year and our continuing commitment to ensuring that executives are focused on outcomes and strategic priorities, the Committee implemented the approved Policy as follows:

2023/24 Annual Bonus outturn

The 2023/24 Annual Bonus for the executive directors was assessed against adjusted pre-tax profit, Like-for-Like (LFL) sales growth, OEB sales penetration and digital sales penetration. In line with the Policy, the Committee reviewed the outcome of each measure and also undertook a holistic view of the outturn versus underlying performance and value delivered to our shareholders.

Above threshold performance was achieved for LFL sales growth while performance above target was achieved in OEB sales penetration and digital sales penetration. The threshold target for adjusted pre-tax profit was not met, Collectively this has resulted in a formulaic outturn of 20.84% of total bonus opportunity which is equivalent to 41.7% and 39.6% of salary for the CEO and CFO respectively. The Committee determined this level of outturn was appropriate given the performance over the year, the value delivered to shareholders and the treatment of the wider workforce.

Full detail on the performance against each of the 2023/24 strategic measures can be found on page 98.

Vesting of the 2021 Alignment Shares

Performance against the underpins attached to the 2021 Alignment Shares granted to both executive directors was assessed by the Committee as at 31 January 2024, ahead of the awards vesting.

Both underpins were met with the Net Debt to EBITDA ratio less than 2.5 times, the dividend cover above 1.75 times and the 2023/24 dividend payments being above the required threshold. Therefore, the Committee concluded that this award will vest at 100% for the executive directors. This award vests in April 2024 and is subject to a two-year holding period.

Full detail on performance against the underpins for the 2021 Alignment Shares and the vesting outcomes for the executive directors can be found on pages 98.

Vesting of the DVI Share Awards

Performance against the targets attached to the 2019 Delivering Value Incentive (DVI) granted to both executive directors was assessed by the Committee as at 31 January 2024, ahead of the awards vesting.

The 2019 DVI award is dependent on performance against targets for Earnings per Share (EPS), Return on Capital Employed (ROCE) and Relative Total Shareholder Return (TSR). Performance was measured across a five-year time horizon over two performance periods, each applying to one half of the total award (i) 1 February 2019 to 31 January 2022 and (ii) 1 February 2021 to 31 January 2024. The Committee reviewed the formulaic outturn of the first performance period in 2022 resulting in a formulaic outturn of 3.18 x target or 79.6% of maximum for the first half of the award. In March, the Committee reviewed the second performance period ahead of the award vesting in July 2024, resulting in a formulaic outturn of 0 x target or 0% of maximum for the second half of the award. The overall formulaic outturn for the award is 1.59 x target or 39.8% of maximum.

The vesting of the award was also subject to a quality of earnings test which the Committee used to determine if the formulaic outturn was reasonable. The Committee determined the level of formulaic outturn was appropriate.

Full detail on the performance against each of the measures can be found on page 99.

Thierry Garnier has signalled to the Committee, his intention to sell 50% of his vested post-tax DVI shares in line with the approved policy. Further detail on this can be found on page 100.

Key remuneration decisions for 2024/25

The Committee also made a number of decisions relevant for 2024/25 during the year which are as follows:

Salary increases

A salary increase of 4% will be awarded to the executive directors effective from 1 April 2024. This increase is in line with the standard increase proposed for the wider UK workforce based in head offices.

2024/25 Annual Bonus

During the year the Committee undertook a review of our annual bonus measures within the context of our key strategic priorities. As a result, it was determined to replace the OEB sales penetration and digital sales penetration metrics, with a group free cash flow measure. The group free cash flow measure will be weighted 20%, with adjusted pre-tax profit and like-for-like sales growth remaining consistent with previous years with a 40% weighting each. This change ensures that our bonus remains focused on our strategic priorities and key drivers of shareholder value.

2024 Performance Share Plan (PSP) Measures and Targets

The measures for 2024 PSP are the same as for the previous PSP cycles which are Earnings Per Share (EPS), Return On Capital Employed (ROCE), Relative Total Shareholder Return (TSR) and a basket of ESG measures, each with a 25% weighting. The basket of Environmental, Social, and Governance (ESG) measures however has been updated to include Sustainable Home Products (SHP) in place of Forest Positive. The rationale for the change is that Kingfisher is aiming to achieve its Forest Positive objective of responsibly sourcing 100% of its wood and paper products by 2025/26 and remains on track to do so. As the performance period for the 2024 PSP ends beyond this date (ending FY 26/27), the Committee concluded that this measure, while suitable for the 2022 and 2023 PSP, was not suitable for the 2024 PSP. The Committee reviewed a number of different alternatives and concluded that SHP, as a % of total Group sales, would be a good measure to include in the 2024 PSP. SHP is a key component in our Responsible Business strategy, representing our main measure for determining achievement against our 'Customer' pillar in our Responsible Business Strategy (as shown in the Responsible Business section on page 25). It is also vigorously validated with both the guidelines set by Kingfisher and the resulting outturns assessed extensively externally.

The ESG measures are therefore as follows:

- climate change: a reduction in scope 1 and 2 emissions from a FY 16/17 baseline;
- Sustainable Home Products: % of Group total sales; and
- gender diversity: % of women in senior leadership.

These measures all continue to align with our long-term strategy and support value creation. The target ranges, like last year, have been set taking into account the internal long-term plans and relevant external consensus. Further details on these measures including the target ranges can be found on pages 105 to 106.

Remuneration for the executive directors in 2024/25 will be implemented in line with the Policy. For a summary of the application of the Policy for 2024/25 see page 108 of the Annual Report on Remuneration.

Changes to non-executive directors' and Chair's fees

The Board reviewed the non-executive directors' (NED) fees and agreed, effective 1 February 2024, that the base fee, Senior Independent Director, and committees' chair and member fees will be increased by 3%. These increases reflect the significant time commitment required from the non-executive directors and are lower than the increase being implemented for the wider UK workforce.

Separately, in respect of the Company Chair's fee, a 3% increase effective 1 February 2024 was agreed by the Committee. This increase reflects the significant time commitment required and is lower than the increase being implemented for the wider UK workforce.

Looking ahead

The Committee remains dedicated to ensuring that we have an open and transparent dialogue with shareholders and other stakeholders and so welcomes any questions you may have on our Remuneration Policy and its implementation as well as other relevant topics.

I look forward to receiving your support for our Annual Report on Remuneration at the 2024 AGM.

Claudia Arney
Chair of the Remuneration Committee

24 March 2024

Remuneration at a glance

The following page provides our simplified Remuneration Principles, a summary of the Remuneration Policy and its implementation in 2024/25 and a summary of the implementation of the Policy in 2023/24.

Remuneration principles

Simple, transparent and relevant	Supports long-term value creation	Fully supports Kingfisher's purpose and values	Rewards for strategy delivery and performance

Summary of Policy and implementation for 2024/25

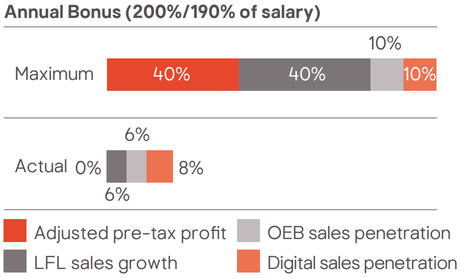
	Summary	Measures	Alignment to strategy
Base salary	For 2024: – CEO: £917,830 (4% increase) – CFO: £648,215 (4% increase)		Reflects the individual's role, experience and contribution to the company and is set at levels that support the recruitment and retention of executive directors of the calibre required by the company.
Annual Bonus	Maximum opportunity – CEO: 200% of salary – CFO: 190% of salary Performance is assessed over one year. Any bonus earned over 100% of salary is deferred into shares for three years.	– 40% Adjusted pre-tax profit – 40% LFL sales growth – 20% Free cash flow	Incentivises executive directors to achieve or exceed annual financial and strategic objectives set by the Committee at the start of each financial year. Long-term shareholder alignment provided through bonus deferral.
Performance Share Plan	Maximum opportunity – CEO: 275% of salary – CFO: 260% of salary Awards vest subject to performance over three financial years and are subject to a further two-year holding period.	– 25% EPS – 25% ROCE – 25% Relative TSR – 25% on a basket of ESG measures	EPS, ROCE and ESG are aligned to the strategy while Relative TSR ensures that payout for participants is aligned to value creation for shareholders. ESG reflects the importance of our Responsible Business agenda and recognises our long-term goals and commitments.
Share ownership requirements	– CEO: 350% of salary – CFO: 270% of salary Executives are additionally required to hold 100% of the shareholding requirement for a period of two years post-employment.		To ensure the alignment of the interests of executives and shareholders over the long term, executive directors are required to build a significant shareholding.

Our FY 23/24 performance highlights

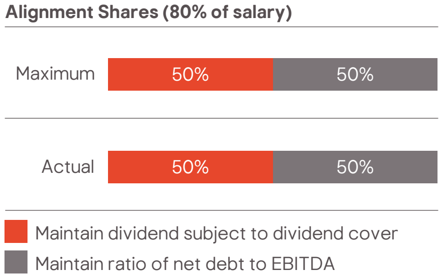
Adjusted pre-tax profit	LFL sales growth	OEB sales penetration	Digital sales penetration	Net debt to EBITDA	Total dividend
£568m	**(3.1)%**	**45%**	**17.4%**	**1.6x**	**12.4p**

Our FY 23/24 incentive outcomes

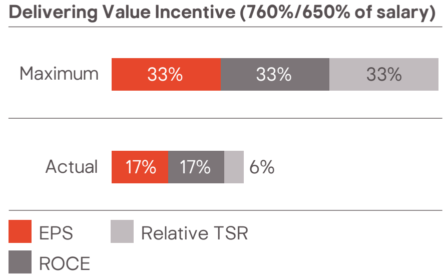
Annual Bonus (200%/190% of salary)



Alignment Shares (80% of salary)



Delivering Value Incentive (760%/650% of salary)



Remuneration in 2023/24

	Fixed pay	Annual Bonus outcome			Alignment Shares outcome		Delivering Value Incentive outcome		Total single figure
	£'000	% of max	% of salary	£'000	% of max	£'000	% of max	£'000	£'000
CEO	1,048.2	20.84%	41.7%	364.9	100%	468.7	39.8%	3,191.3	5,073.1
CFO	729.5	20.84%	39.6%	244.8	100%	331.0	39.8%	1,744.3	3,049.6

Directors' Remuneration Policy (approved at the 2022 AGM)

Our Remuneration Policy (the Policy) is set out in this section. The Policy was approved by 93.11% of our shareholders at the AGM held on 22 June 2022.

The full version of the current shareholder-approved Policy can be found in the 2021/22 Annual Report. The Policy is presented unchanged from that approved by shareholders other than minor wording changes to reflect, for example, that the Policy has been approved by shareholders, an update on selection of performance measures to reflect rationale for 2024/25 bonus and the 2024 PSP measures as well as updated scenario charts.

Policy table

Base salary

Element and purpose
Base salary reflects the individual's role, experience and contribution to the company and is set at levels that support the recruitment and retention of executive directors of the calibre required by the company.

Operation
In setting base salaries, the Committee also has regard to salaries for similar roles in comparator companies including those in FTSE retailers and companies of a similar size and complexity.

Maximum opportunity
Salary increases will typically be in line with the wider workforce. The Committee has the flexibility to award higher salary increases in exceptional circumstances.

Increases awarded each year will normally be set out in the statement of implementation of the Policy.

Assessment of performance
Individual performance is an important factor considered by the Committee when reviewing base salary each year.

Benefits

Element and purpose
Benefits are provided to assist executive directors in the performance of their roles and are designed to be competitive and cost-effective.

Operation
The company may provide pension benefits (set out in the following section), a company car or cash alternative, medical insurance, and life assurance cover.

Other benefits may be provided from time to time if considered reasonable and appropriate by the Committee, such as relocation allowances, and would be explained in the subsequent Annual Report on Remuneration.

The company pays the cost of providing benefits on a monthly basis or as required for one-off events such as financial planning advice.

Store discounts may be offered to all executive directors on the same basis as offered to other company employees.

Maximum opportunity
Maximum levels of benefit provision are:

- Car allowance of £25,000 per annum.
- Private medical insurance on a family basis.
- Life assurance cover of four times base salary.
- Store discount of up to 20%.

The cost of providing insurance benefits varies according to premium rates so there is no formal maximum monetary value.

Any relocation allowance will be limited to 50% of base salary (inclusive of any tax payable on expenses reimbursed).

Assessment of performance
None.

Pension

Element and purpose
To provide retirement benefits, support retirement planning, and provide a competitive fixed pay package.

Operation
Pension provision for executive directors is by way of contributions to a defined contribution scheme or cash allowance.

Maximum opportunity
Maximum employer contribution into a defined contribution scheme of 14% of base salary or a cash alternative of 12.5% of base salary, in line with arrangements for other UK colleagues.

Assessment of performance
None.

Policy table continued

Annual Bonus

Element and purpose
To incentivise executive directors to achieve or exceed annual strategic objectives set by the Committee at the start of each financial year.

Operation
Annual Bonuses are earned over the year, based on performance against targets over the financial year.

The Annual Bonus will be delivered as follows:

- bonus earned up to 100% of salary in cash; and
- bonus earned above 100% of salary in shares which are deferred for three years and subject to continued employment in line with plan rules.

Dividend equivalents are payable in respect of any deferred shares that vest.

The Committee has the discretion to adjust the bonus outcome in light of overall underlying performance.

Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.

Malus and clawback apply under circumstances as set out in the notes to the Policy table.

Change of control provisions apply as set out in the notes to the Policy table.

Maximum opportunity
The maximum Annual Bonus award is 200% of salary for the CEO and 190% of salary for the CFO (and any other executive directors).

The level of payment at threshold is set on an annual basis but will not exceed 25% of maximum.

Assessment of performance
The Annual Bonus measures may be based on a mixture of financial, operational, strategic and individual performance measures dependent on the company's goals and strategic priorities over the year under review.

At least 70% of the bonus will be dependent on financial measures.

Performance Share Plan (PSP)

Element and purpose
To incentivise executive directors to deliver on Kingfisher's long-term strategic aims and create sustainable shareholder value, aligning the interests of participants with those of shareholders.

To retain executive directors and provide market competitive total reward.

Operation
Awards are granted annually, and vest after three years subject to performance achieved against performance targets set over not less than a three-year period. All vested shares will normally be subject to a further two-year holding period.

Dividend equivalents are payable in respect of the shares that vest.

The Committee has discretion to adjust the vesting outcome if the formulaic outcome is not felt to produce an appropriate result in light of overall underlying company performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.

Malus and clawback apply under circumstances as set out in the notes to the Policy table.

Change of control provisions apply as set out in the notes to the Policy table.

Maximum opportunity
The maximum annual award that can be granted each year under the PSP is 275% of salary for the CEO and 260% of salary for the CFO (and any other executive directors) respectively.

For threshold performance on any measure, at most 25% of the maximum award available for that measure may vest.

Assessment of performance
Awards granted will vest based on performance over not less than three years against performance measures determined by the Committee and aligned to the company's strategic priorities. At least 50% of the measures will be based on financial measures.

The performance measures selected for the 2024 grant are:

- 25% Earnings per Share (EPS);
- 25% Return on Capital Employed (ROCE);
- 25% Relative Total Shareholder Return (TSR); and
- 25% on a basket of Environmental, Social and Governance (ESG) measures.

Any substantial or significant changes to the measures will be subject to shareholder consultation.

The performance outcomes will be assessed at the end of the three-year period to ensure they are appropriate within the context of the wider business performance.

The performance measures have been chosen to balance growth and returns and ensure sustainable delivery of performance.

Directors' remuneration report continued

Chair and non-executive director fees

Element and purpose
To attract and retain a Chair and non-executive directors of the highest calibre.

Operation
The fees paid to the Chair are determined by the Committee, while the fees of the non-executive directors are determined by the Board with affected persons absenting themselves from the discussions, as appropriate.

The Committee reviews the Chair's fees annually.

The Chair's fees are determined with reference to time commitment and relevant benchmark market data. Contributions are made towards the cost of running the Chair's office.

The Board determines non-executive directors' fees under a policy that seeks to recognise the time commitment, responsibility and technical skills required to make a valuable contribution to an effective Board.

A base fee is paid to all non-executive directors and additional fees are also paid to the Senior Independent Director, the Chairs and members of each of the Audit, Remuneration and Responsible Business Committees.

Chair and membership fees may be introduced for current and new committees.

Appropriate benefits, including the reimbursement of appropriate expenses, may be provided from time to time, as required.

The Board may annually review fees paid to non-executive directors against those in similar companies and take into account the time commitment expected of them.

Fees are paid monthly, wholly in cash.

The Chair and the non-executive directors do not participate in any of the company's performance-related pay programmes and do not receive pension benefits.

Maximum opportunity
Aggregate annual fees paid to the Chair and non-executive directors are limited by the company's Articles of Association, which may be varied by special resolution of the shareholders.

The current limit contained within the Articles of Association is £1.75 million as approved at the 2014 AGM.

Contributions towards the cost of running the Chair's office will not exceed £60,000 per annum and are included within the aggregate fees set out above.

Assessment of performance
None.

All-employee share plans

Element and purpose
Executive directors may participate in Kingfisher's all-employee share plans on similar terms to other employees.

Operation
In particular, UK-based executive directors may participate in the Sharesave Plan (Sharesave), a tax-approved all-employee scheme under which they make monthly savings over a period of three or five years, which may be used to buy Kingfisher shares at a discounted price when the scheme matures. They may also choose to withdraw their savings at the end of the savings period or at any time during the savings contract.

UK-based executive directors may also participate in the Share Incentive Plan (SIP). Designed to promote employee share ownership, the SIP enables employees to make monthly investments in Kingfisher shares.

Maximum opportunity
The maximum limit for the Sharesave is currently £500 per month. The maximum amount an individual may invest in partnership shares under the SIP is currently £150 per month. The SIP also allows the award of free and matching shares up to the limits set by the UK Government. The company may increase the amounts that can be saved or invested under the Sharesave and SIP plans in line with any increases authorised by the UK Government for approved plans.

Assessment of performance
None.

Shareholding requirements

To ensure the alignment of the interests of executives and shareholders over the long term, executive directors are required to build a significant shareholding. The shareholding requirement is 350% of salary for the CEO and 270% for the CFO, and any other executive director.

All shares owned beneficially and nil-cost awards that have vested but that the executive has yet to exercise are considered to count towards the shareholding on a notional post-tax basis.

Until the shareholding requirement is met, executive directors are required to retain 100% of vested post-tax PSP, Deferred Bonus and Alignment Share awards and retain 50% of vested post-tax Delivering Value Incentive (DVI) shares. It is expected that executives would retain 100% of post-tax shares from the DVI awards until the requirement is met.

The full shareholding requirement will apply for two years post-employment. The Committee has established mechanisms to enforce the post-employment shareholding guidelines once an executive director has left the company.

Notes to the Policy table

Selection of performance measures

The measures for the Annual Bonus and the Performance Share Plan will be chosen each year for their alignment to the company's goals and strategic priorities and may vary according to the priorities over the relevant performance periods.

The measures for the 2024/25 Annual Bonus are adjusted pre-tax profit, like-for-like (LFL) sales growth and free cash flow. Adjusted pre-tax profit and LFL sales growth ensure that executives are focused on delivering both growth and profitability for our shareholders. Free cash flow was chosen as cash generation is a key strategic priority in 2024/25.

For the 2024 PSP, the measures chosen are EPS, ROCE, Relative TSR and ESG. EPS was chosen to ensure sustainable, long-term delivery of profit for our shareholders with ROCE ensuring the efficient use of our capital to generate sustainable returns for shareholders. Relative TSR is measured against the constituents of the FTSE 350 Retailers, FTSE 350 Drug and Grocery Stores as well as the STOXX 600 Drug and Grocery Stores. The group ensures that we deliver strong shareholder returns within the context of an appropriate group of peers.

ESG measures provide a direct link to our Responsible Business agenda and recognise our long-term goals and commitments. For the 2024 PSP, the ESG bucket of measures includes (1) a measure addressing climate change, (2) a measure on sustainable home products and (3) an inclusion-based measure (gender diversity). These measures reflect the importance of Kingfisher's long-term goals in respect to the planet, supporting our customers to create more sustainable homes and our commitment to improve the representation of our women in senior leadership roles.

The targets are set each year to ensure they are appropriately stretching taking into account short and long internal forecasts and ambitions as well as external forecasts and views. The specific measures, targets and weightings may vary from year to year to align with the company's strategy.

Malus and clawback

Malus and clawback may operate in respect of the Annual Bonus and Deferred Bonus Shares and PSP awards granted under the Kingfisher Performance Share Plan (KPSP) as well as legacy Alignment Shares and DVI awards granted under the Kingfisher Alignment Share and Transformation Incentive Plan (KASTIP). These provisions enable the company to reduce (including, if appropriate, to nil) the payout and vesting levels or to recover the relevant value following the cash bonus payout or vesting of shares. These provisions will apply to the cash bonus for a period of three years following payment, to the Deferred Bonus Awards during the three-year deferral period and for a period of two years following vesting of the PSP and legacy Alignment Share and DVI grants. These provisions could take effect in the event of financial misstatement, miscalculation due to an error, serious reputational damage, or material misconduct in individual cases.

Change of control

In the event of a change of control, share awards will normally vest subject to performance conditions. PSP awards, legacy Alignment Shares and DVI awards will normally be reduced on a time pro-rated basis in line with the treatment for good leavers, which is set out in the 'Policy on payment for loss of office' section of this Directors' Remuneration Policy. Deferred Bonus share awards will normally vest on change of control. The Committee retains discretion to replace awards with an equivalent share award in the acquiring company.

The Committee may alternatively consider that such a reduction is inappropriate, e.g. if it is agreed with an acquirer to roll over outstanding awards. Other awards may be reduced at the Committee's discretion.

Discretions

The Committee retains certain discretions in relation to the Annual Bonus Plan, which are set out in full in the plan rules, and which include but are not limited to:

- The determination, and timing, of any bonus payment.
- The impact of a change of control or restructuring.
- Overriding formulaic outcomes in line with the provisions of the UK Corporate Governance Code.
- Adjustments for accounting or equivalent changes for the Annual Bonus.
- Any adjustments required as a result of a corporate event (such as a transaction, corporate restructuring event, special dividend, share buyback or rights issue).

Discretions set out as part of this Policy provide the Committee with discretion in certain matters regarding the administration and operation of Deferred Bonus and KPSP awards as well as legacy Alignment Shares and DVI awards (as set out in the corresponding plan rules approved by shareholders), including, but not limited to the following:

- The assessment of good leaver status.
- Overriding formulaic outcomes in line with the provisions of the UK Corporate Governance Code.
- Adjustments for accounting or equivalent changes for the KPSP and the KASTIP.
- Minor administrative matters to improve the efficiency of the operation of the plans or to comply with local tax law or regulation.
- Any adjustments to performance conditions or awards required as a result of a corporate event (such as a transaction, corporate restructuring event, special dividend, share buyback or rights issue).

In relation to the Annual Bonus Plan, KPSP awards, legacy Alignment Shares and DVI awards, and in line with the plan rules, the Committee retains the ability to amend the performance conditions and/or measures in respect of any award or payment if one or more event(s) occur that would lead the Committee to consider that it would be appropriate to do so, provided that such an amendment would not be materially less difficult to satisfy than the original performance condition would have been but for the event in question.

Should the Committee use any of the discretions set out above, these would, where relevant, be disclosed in the following Annual Report on Remuneration. The views of major shareholders may also be sought. Discretion in relation to the company's All-Employee Share Plans (Sharesave and SIP) would be exercised within the parameters of the HMRC-approved plan status and the FCA's Listing Rules.

Legacy awards

In-flight awards made before the adoption of this Policy will continue in line with the approved Policy under which they were granted. Further details of these awards can be found within the Remuneration Policy approved at the 9 July 2019 AGM and included within the 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 Annual Report and Accounts.

Differences in Remuneration Policy for all employees

The remuneration structure for members of the Group Executive follows a similar approach as for the executive directors but with a lower maximum opportunity as appropriate under the Annual Bonus and KPSP. The performance measures attached to the Annual Bonus are a combination of Group financial and strategic measures, banner-specific financial and strategic measures and/or functional measures, depending on the Group Executive member's role and responsibilities. Like the executive directors, bonus earned over 100% of salary is paid into deferred shares. KPSP awards for the Group Executive have the same performance conditions as the executive directors.

For the next two levels of management below the Group Executive, the remuneration structure consists of base salary, benefits, pension, Annual Bonus and KPSP awards. Performance measures attached to the Annual Bonus are tailored to reflect the position of the individual and the part of the business in which they operate, and as such are a combination of Group financial and strategic measures, banner-specific financial and strategic measures and/or functional measures. Vesting of the KPSP awards for these colleagues will be primarily based on the same measures as the executive directors and Group Executive, however there is also an element based on time in employment only for these colleagues.

All other employees are entitled to base salary and benefits and may also receive bonus, pension, profit share and share awards, which vary according to local jurisdiction and market practice. The maximum provision and incentive opportunity available are determined by the seniority and responsibility of the role.

Statement of consideration of employment conditions elsewhere in the company

The CPO is invited to present to the Committee the proposals for salary increases for the employee population generally and on any other remuneration changes. The CPO consults with the Committee on the performance conditions for the executive directors' bonuses and the extent to which these should be cascaded to other employees. The Committee has oversight of all long-term incentive awards across the Group.

The Committee is provided with data on the remuneration structure for all individuals in Kingfisher's leadership team, which includes retail banner CEOs and Group function directors. The Committee approves the policy on share award levels for all employees and uses this information to ensure that there is consistency of approach across Kingfisher.

The Group did not consult with employees when drafting the Directors' Remuneration Policy. However as part of a Kingfisher Colleague Forum, colleagues were advised on remuneration arrangements of executive directors and how these align with the arrangements offered elsewhere in the organisation.

Statement of consideration of shareholder views

When determining the Remuneration Policy, the Committee consulted with the company's largest shareholders in respect of changes to the proposals and also reviewed best practice guidelines issued by institutional investor bodies. The Committee took on board the feedback received when finalising the proposals.

The Committee continues to always be open to feedback from shareholders on our Remuneration Policy and remuneration arrangements and commits to ensuring consultation with our largest shareholders in advance of any significant changes to the Remuneration Policy or structure. The Committee continues to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

Section 40 disclosures

When considering the Policy and its implementation, the Committee took into account Provision 40 of the UK Corporate Governance Code and considers the framework meets the factors under the provisions as follows:

- Clarity: The Committee has provided transparent disclosures regarding the Remuneration Policy and structure. Changes have been explained in the context of alignment to the strategy and market practice. The Remuneration Committee Chair has engaged with our shareholders on the Remuneration Policy. The Company has explained the remuneration structure with the relevant broader population through a variety of methods including group and one-on-one meetings and guides.
- Simplicity: The Committee has improved the simplicity of the incentive arrangements with fewer measures with more meaningful weightings on the Annual Bonus than under the previous Policy. There is only one share award plan applicable for executive directors (and other employees), the KPSP, which is market-aligned in structure and granted annually.
- Risk: The Committee believes that the incentive structures under the Remuneration Policy do not encourage inappropriate risk taking. The targets set for the Annual Bonus and KPSP are stretching and set in line with strategic priorities and sustainable value creation. All incentive arrangements have malus and clawback provisions including in the event of serious reputational damage and for material misconduct. The Committee can also override formulaic outcomes if it concludes that incentive outcomes are not representative of underlying performance.
- Predictability: The Annual Bonus and KPSP have maximum levels of opportunity with vesting/payment outcomes dependent on achievement of performance measures. The range of vesting/payment outcomes is set out in the scenario charts on page 95 which also demonstrate the impact of a 50% share price increase from date of grant to vesting.
- Proportionality: Performance conditions attached to the Annual Bonus and PSP are directly and clearly linked to the achievement of Kingfisher's strategic priorities both in the short and longer term. The level of stretch in the performance conditions have been and continue to be set to compensate participants accordingly. Bonus deferral, KPSP holding periods and shareholding requirements (including post-exit) ensure significant alignment to long-term value creation.
- Alignment to culture: As discussed above, there is a strong alignment of the incentive arrangements under the Remuneration Policy with Kingfisher's strategic priorities.

Approach for recruitment remuneration

Area	Policy and operation
Overall	When hiring a new executive director, or making internal promotions to the Board, the Committee will apply the Remuneration Policy. The rationale for the package offered will be explained in the following Annual Report on Remuneration. For internal promotions, any commitments made prior to appointment may continue to be honoured as the executive is transitioned to the new remuneration arrangements. Where an individual is promoted after the annual KPSP award has been granted, an award may be made to bring the executive on to the in-flight cycle at an opportunity level reflecting their new role, subject to the limits set out in the Policy. Awards may be pro-rated to reflect the remaining portion of the vesting period. Any award will take into consideration awards granted prior to promotion. The Policy below is consistent with the principles of the previous Recruitment Policy, which have been adapted in line with the new remuneration structure.
Base salary	Base salary would be set at an appropriate level to recruit the best candidate based on their skills, experience and current remuneration.
Benefits	Benefits provision would be in line with the normal Policy. Where appropriate, the executive may also receive relocation benefits or other benefits reflective of normal market practice in the territory in which the executive director is employed.
Pension	Pension provision would be in line with the normal Policy.
Incentive awards	Incentive awards would be made under the Annual Bonus and KPSP in line with the normal Policy, which determines the maximum incentive awards that can be made. Where an individual joins after the annual KPSP has been granted, an award may be made to bring the executive on to the in-flight cycle subject to the limits set out in the Policy. Awards may be pro-rated to reflect the remaining portion of the vesting period.
Buyout awards	In addition to normal incentive awards, buyout awards may be made to reflect value forfeited through an individual leaving their previous employer. If a buyout award is required, the Committee would aim to reflect the nature, timing and value of awards forgone in any replacement awards. Awards may be made in cash, as KPSP awards, shares with vesting based on time only or by any other method deemed appropriate by the Committee. Where possible, share awards will be replaced with share awards. Where performance conditions applied to the forfeited awards, performance conditions will be applied to the replacement award or the award size will be discounted accordingly. In establishing the appropriate value of any buyout, the Committee would also take into account the value of the other elements of the new remuneration package. The Committee would aim to minimise the cost to the company; however, buyout awards are not subject to a formal maximum. Any awards would be broadly no more valuable than those being replaced.

Policy for payment for loss of office

Area	Policy
Notice period	12 months' notice by either the director or the company.
Non-compete	During employment and for 12 months after cessation of active employment.
Executive directors' contractual termination payment	**Resignation** No payments on departure will be made on termination, even if by mutual agreement the notice period is cut short. **Departure not in the case of resignation** For the period of notice served, the executive director may continue to receive their monthly base salary, benefits and pension. During this time, at the discretion of the company, they may continue their duties or be assigned garden leave. For the period of notice not served, the executive director may receive a payment in lieu of notice. No other payments should be due on departure. **Settlement agreement** The Committee may agree payments it considers reasonable in settlement of legal claims. This may include an entitlement to compensation in respect of a director's statutory rights under employment protection legislation in the UK or in other jurisdictions. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements.
Treatment of incentives for bad leavers	Any outstanding awards under any incentive plans will lapse in the event of the Committee determining the departing individual to be a bad leaver as defined by the Plan Rules.
Leaver provisions for Annual Bonus for good leavers	Bonus payments may be receivable at the normal date, pro-rated for time, and taking into account performance achieved. Bonus deferral still applies. Deferred Bonus awards vest on the normal date in full. Where the participant ceases to be employed as a result of death, the Deferred Bonus award will vest in full shortly after the company is notified. The Committee retains the ultimate discretion to make bonus payments and determine the basis upon which they are made (including if bonus deferral still applies) and their vehicle and value, taking into account the individual circumstances of the departure. The Committee may, in its discretion, accelerate vesting of the Deferred Bonus award up to the point of departure.
Performance Share Plan for good leavers	Awards will vest on the normal date, pro-rated for time, and will take into account performance achieved. The Committee retains discretion to further reduce the awards granted to reflect any personal performance issues or accelerate vesting. Where the participant ceases to be employed as a result of death, the award will vest shortly after the company is notified, pro-rated for time, and taking into account the Committee's assessment of performance achieved to that date. The Committee may decide, acting fairly and reasonably, that any adjustment set out above to reduce the vesting of the award would be inappropriate.
Shareholding requirements	Upon leaving the company, the shareholding requirement will continue to apply for two years. The shareholding requirement will be 100% of the shareholding requirement for two years after departure. Shareholding requirements will no longer apply in the case of death. At its discretion, the Committee may apply the same treatment in cases of ill health.
Chair and non-executive directors' contractual termination payment	Non-executive directors are appointed under letters of engagement. Appointments have historically been for an initial period of three years and invitations to act for subsequent three-year terms are subject to a review of performance and take into account the need to progressively refresh the Board. The appointment may be terminated by either party giving the other not less than three months' prior written notice, unless terminated earlier in accordance with the company's Articles of Association. The company has no obligation to pay compensation when the appointment terminates.

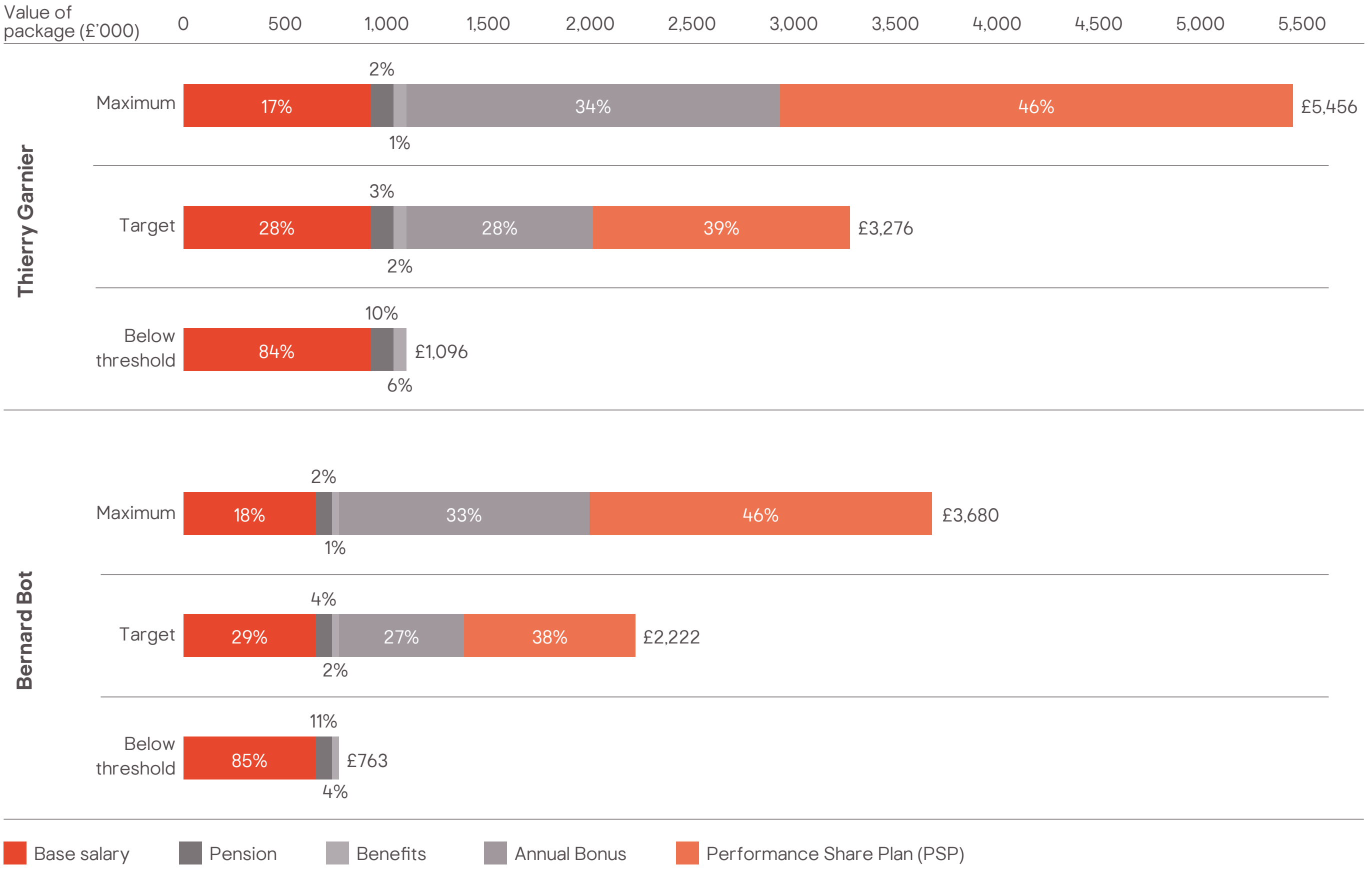
Leavers will be treated for all-employee share plans in line with the plan rules of the relevant share plan. Good leaver is defined under the plan rules, and relates to individuals who leave as a result of:

- Ill health, injury or disability
- Death
- Redundancy
- Transfer of employer or employing business out of Group
- Retirement
- Any other reason that the Committee decides

A bad leaver is any leaver not defined as a good leaver.

Illustration of the application of the Remuneration Policy

The tables and charts below provide estimates of the potential total future remuneration for each executive director based on the remuneration opportunity expected to be granted in 2024/25. Potential outcomes for each executive director, based on three different performance scenarios, are shown.



Notes

Base salary: reflects the salary effective from 1 April 2024.

Benefits: estimate based upon benefits received during 2023/24 as recorded in the single total figure of remuneration table.

Pension: shown as a percentage of salary in line with Policy.

Fixed remuneration: comprises base salary, benefits and pension.

Short-term variable compensation comprises the Annual Bonus including the deferred element. Long-term variable compensation comprises the Performance Share Plan (PSP).

The Committee has also calculated the implied maximum remuneration scenario with the overlay of 50% share price increase on any vested PSP awards. This would equate to a total value of £6,718k for Thierry Garnier's package and £4,523k for Bernard Bot's package.

Below threshold	On-target	Maximum
Only the fixed pay elements (base salary, benefits and pension) of the package are received. Minimum performance targets for the Annual Bonus and PSP are not achieved, therefore no payments are made, and awards will lapse.	Fixed pay elements plus target Annual Bonus are received and target PSP vest. Annual Bonus on-target performance is achieved, 50% of the bonus paying out (100% of salary for CEO, 95% of salary for CFO). PSP vesting at 50% of maximum (137.5% of salary for CEO, 130% of salary for CFO).	Fixed pay elements plus maximum Annual Bonus are received and full vesting under the PSP. Annual Bonus maximum performance achieved, resulting in a bonus of 200% and 190% of salary for the CEO and CFO respectively. Full vesting under the PSP (275% of salary for CEO, 260% of salary for CFO).

Annual Report on Remuneration

This section of the report outlines how the Committee implemented the Directors' Remuneration Policy (the Policy) in the financial year. This report, together with the Annual Statement from the Chair of the Remuneration Committee will be put to shareholders for approval at the 2024 AGM. Shareholder approval in respect of the Annual Report on Remuneration is on an advisory basis only.

The Remuneration Committee

The Committee has delegated authority from the Board over the company's remuneration framework and Policy. The role of the Committee is set out in the terms of reference, which is reviewed annually and is available on the website.

Activities during the year

The significant matters considered by the Committee during the year are set out below:

Areas of Committee focus	Items discussed
Directors' Remuneration Policy	Discussed timelines of upcoming review of Remuneration Policy.
Salary review and remuneration decisions	Reviewed and approved the salary proposals in respect of the Group Executive and executive directors. Also reviewed and approved salary proposals for the Chair of the Board and the Company Secretary.
Annual Bonus	Judged performance against the 2022/23 strategic measures and agreed the 2022/23 Annual Bonus outturn and final level of payment for the members of the Group Executive and executive directors. Approved measures for the 2023/24 Annual Bonus. Assessed performance against the 2023/24 Annual Bonus measures and reviewed the year-end forecast. Reviewed the framework for the 2024/25 Annual Bonus.
Alignment Shares	Reviewed the performance of the 2020 Alignment Share awards and determined that the awards would vest in full. Assessed performance to date of the 2021 Alignment Shares, which will vest in 2024.
Delivering Value Incentive	Monitored performance of the second performance period of the 2019 Delivering Value Incentive (DVI) award.
Performance Share Plan	Approved the performance measures and targets of the 2023 PSP. Approved subsequent grant of awards. Assessed performance to date of the 2022 and 2023 PSP awards which will vest in 2025 and 2026 respectively. Considered the measures and targets of the 2024 PSP.
Governance and other areas of focus	Kept under review the company's approach to wider workforce remuneration. Monitored developments in corporate governance and market practice in respect of executive remuneration. Reviewed the output of the annual evaluation of the Committee. Reviewed and approved the 2022/23 Directors' remuneration report. Received updates on and considered Kingfisher's gender pay gap reporting. Reviewed incentive arrangements for the Group Executive.

Advisers to the Committee

During the financial year ended 31 January 2024, PricewaterhouseCoopers LLP (PwC) provided services to the Committee. The advice received from PwC by the Committee was considered, and it was determined that PwC provides objective and independent advice to the Committee. The Committee is satisfied that the PwC engagement partner and team, who provide remuneration advice to the Committee, do not have connections with the Group that may impair their objectivity and independence.

PwC was appointed by the Committee as its principal adviser on 1 February 2013 following a robust tender process. PwC is a member of, and adheres to, the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). During the year, PwC provided the Committee with executive remuneration advice. PwC also provided Kingfisher with reward advice for below-Board staff, tax advice, accounting advice, and legal advice during the year. For services provided to the Remuneration Committee, the fees paid to PwC were £155,250. These fees were incurred through a retainer, and on a time and expenses basis.

Voting at the 2023 Annual General Meeting (AGM)

The following table shows the results of the advisory vote on the Annual Report on Remuneration at the 2023 AGM and the binding vote on the Remuneration Policy at the 2022 AGM.

Resolution	Votes for (and % of votes cast)	Votes against (and % of votes cast)	Proportion of shares voted	Shares on which votes were withheld
Annual Report on Remuneration (2023 AGM)	1,614,504,252 (95.18%)	81,679,292 (4.82%)	88.44%	312,340
Directors' Remuneration Policy (2022 AGM)	1,620,253,983 (93.11%)	119,882,346 (6.89%)	86.57%	195,473

Single total figure of remuneration for the executive directors (audited information)

The table below sets out the remuneration of each of the executive directors for the financial year ended 31 January 2024 and the comparative figures for the financial year ended 31 January 2023. The Committee did not exercise any discretion in determining the incentive outcomes for the year being reported on.

Name		1. Base salary £'000	2. Taxable benefits £'000	3. Annual Bonus £'000	4. Alignment Shares £'000	5. Delivering Value Incentive £'000	6. Pension £'000	7. Total Fixed pay £'000	8. Total Variable pay £'000	9. Total pay £'000
Thierry Garnier	**2023/24**	**875.5**	**63.3**	**364.9**	**468.7**[1]	**3,191.3**[3]	**109.4**	**1,048.2**	**4,024.9**	**5,073.1**
	2022/23	836.4	52.0	265.2	706.2[2]	N/A	104.6	993.0	971.4	1,964.4
Bernard Bot	**2023/24**	**618.3**	**33.8**	**244.8**	**331.0**[1]	**1,744.3**[3]	**77.3**	**729.5**	**2,320.1**	**3,049.6**
	2022/23	590.7	33.7	177.9	498.7[2]	N/A	73.8	698.3	676.6	1,374.9
Total	**2023/24**	**1,493.8**	**97.1**	**609.7**	**799.7**[1]	**4,935.6**[3]	**186.7**	**1,777.7**	**6,345.0**	**8,122.7**
	2022/23	1,427.1	85.8	443.2	1,204.9[2]	N/A	178.4	1,691.3	1,648.0	3,339.3

1. 100% of the 2021 Alignment Share award granted to Thierry Garnier and Bernard Bot will vest on 22 April 2024. These awards in the table above have been valued based on the average share price during the three-month period to 31 January 2024 of 227.3p. Values include dividend equivalents accrued since the date of grant. No value was attributable to share price growth. No discretion has been exercised as a result of the share price change.
2. The value of the 2020 Alignment Share award for Thierry Garnier and Bernard Bot has been updated using the share price at date of vesting (28 July 2023) of 247.1p and includes values of dividend equivalents accrued from date of grant to vesting. No value was attributable to share price growth. No discretion has been exercised as a result of the share price change.
3. Delivering Value Incentive Awards granted to Thierry Garnier and Bernard Bot will vest on 30 July 2024. The awards in the table above have been valued based on the average share price during the three-month period to 31 January 2024 of 227.3p. Values include dividend equivalents accrued since the date of grant. The difference between the share price at the date of grant of the 2019 DVI shares (of 215.4p) and the three-month share price average is 11.9p which means £166.5k and £91.0k is attributable to share price growth respectively. No discretion has been exercised as a result of the share price change. The DVI was structured as a consolidated award that combined three years worth of incentive into one long term incentive plan. The equivalent annualised vesting value of the DVI would therefore be £1,063.8k and £581.4k for the CEO and CFO respectively. This would result in total single figures of remuneration for 2023/24 of £2,945.6k and £1,886.7k for the CEO and CFO respectively.

Notes to the single total figure of remuneration table

1. Base salary (audited information)

A 5% salary increase was awarded to the executive directors for the 2023/24 financial year which was in line with the increase awarded to the wider UK workforce based in head offices.

Name	**As at 1 April 2023 £'000**	As at 1 April 2022 £'000	% increase
Thierry Garnier	**882.5**	840.5	5%
Bernard Bot	**623.3**	593.6	5%

2. Taxable benefits (audited information)

The benefits provided to executive directors for 2023/24 and 2022/23 included car benefit (or cash allowance), private medical insurance, life assurance, tax and legal support.

Name	Car benefit[1] £'000	Medical £'000	Tax and legal support[2] £'000	Life assurance £'000	**Total 2023/24 £'000**	Total 2022/23 £'000
Thierry Garnier	25	9.9	24.9	3.5	**63.3**	52.0
Bernard Bot	25	6.4	0.0	2.5	**33.8**	33.7

1. Both directors opt for a cash allowance.
2. This benefit relates to tax assistance provided to the CEO during the year, in relation to annual tax filings and legal support provided to the CEO during the year in respect of immigration services. Both of these items are considered reasonable and appropriate by the Committee.

3. Annual Bonus (audited information)

The purpose of the Annual Bonus is to focus executives on the achievement of measures that are critical to the Kingfisher strategy. The 2023/24 Annual Bonus for the executive directors was based on the following measures:

- 40% Adjusted pre-tax profit
- 40% Like-for-like (LFL) sales growth
- 10% Own exclusive brands (OEB) sales penetration
- 10% Digital sales penetration

The following table sets out the targets that were set in respect of each of these measures, the corresponding achievement against those targets during the year ending 31 January 2024, and the resulting payout.

	Targets				
Measure	Threshold (10% of max)	Target (50% of max)	Stretch (100% of max)	Achievement	Outturn
Adjusted pre-tax profit (40%)	£600m	£670m	£720m	£572m	0.00%
LFL sales growth (40%)	(3.5)%	(0.5)%	2.5%	(3.1)%	6.39%
OEB sales penetration (10%)	43%	44%	45%	44.2%	5.99%
Digital sales penetration (10%)	15.5%	16.7%	17.9%	17.5%	8.47%
Total Outturn					**20.84%**

At the Remuneration Committee meeting in March 2024, the Committee considered performance against all measures and targets set at the beginning of the year and concluded that all remain relevant over the performance period. Note for adjusted pre-tax profit, for bonus purposes, this is calculated on constant currency which is why this value slightly differs from the rest of the Annual Report. The OEB and digital sales penetration figures are also different from the rest of the Annual Report. This is due to the outturns being calculated on a consistent basis to the target ranges.

This means that the total outturn under the 2023/24 annual bonus for executive directors is 20.84% of maximum. The final payout equates to 41.7% of earned salary for the CEO and 39.6% of earned salary for the CFO which is £364,917 and £244,835 respectively. In line with the policy, as the bonus is less than 100% of salary, it was wholly delivered in cash.

In determining whether the level of bonus outturn is appropriate, the Committee has considered a wide range of factors including financial performance, the value delivered to shareholders, the treatment of wider workforce as well as other stakeholders. The Committee concluded that a bonus of 20.84% of maximum for 2023/24 is appropriate. The level of performance against relevant measures will also apply to our bonused colleagues throughout the Group as appropriate.

4. Alignment Shares (audited information)

At the March 2024 Remuneration Committee meeting, the Committee reviewed performance against the underpins attached to the Alignment Shares awarded in 2021 that are due to vest in 2024. Both the executive directors have a 2021 Alignment Share award. The ratio of net debt to earnings before interest, taxes, depreciation, and amortisation (EBITDA) for 2023/24 is 1.6 times. This means the underpin of a net debt to EBITDA ratio of below 2.5 times has been met. The proposed total year dividend for 2023/24 is 12.4p. This is more than 8.25p required for the maintenance of dividend underpin to be met. The dividend cover calculated as the ratio of reported adjusted EPS to full year ordinary dividend per share is also above the required underpin of 1.75 times at 1.77 times. This means that 100% of the executive directors' awards will vest on 22 April 2024. The Committee believes this outturn is appropriate and is reflective of performance over the performance period. The vested awards are subject to a two-year holding period.

The number and value of the awards vested for the current executive directors are as follows:

Name	Number of shares vested[1]	Number of dividend equivalents[2]	Value of shares vested[3] £'000
Thierry Garnier	**181,366**	24,856	468.7
Bernard Bot	**128,090**	17,555	331.0

1. The number of shares shown represents the proportion of the Alignment Share award granted in April 2021, which is expected to vest on 22 April 2024.
2. Based on dividends accrued to date of publication of the report.
3. Calculated using the three-month average share price to 31 January 2024 of 227.3p. No value was attributable to share price growth.

5. Delivering Value Incentive (audited information)

As detailed in the 2019/20 Annual Report, the Committee approved the grants made under the DVI in October 2019 to both executive directors. The 2019 DVI award consolidated three years' worth of long-term share awards. Therefore, in line with Policy, no award under the DVI was made in 2020 or in 2021. Both the executive directors have a main DVI award worth 760%/650% of salary at the time of the grant. Thierry Garnier was also granted a recruitment award delivered through the DVI. This was valued at 80% of salary at the time of the grant.

The 2019 DVI award is dependent on EPS, ROCE and Relative TSR performance. Performance was measured within a five-year time horizon of the award over two performance periods, each applying to one half of the total award (i) 1 February 2019 to 31 January 2022 and (ii) 1 February 2021 to 31 January 2024, to better align with the phasing of the company's strategy at the time. No vesting can occur under the plan until July 2024. In 2022, the Committee assessed the performance versus. targets for the first performance period which ended on 31 January 2022. The targets, performance and resulting formulaic outturn is detailed in the 2021/22 Annual Report and the following table.

	EPS growth (p.a.) (33% of award)	2021/22 ROCE (33% of award)	TSR %ile vs. comparator group (33% of award)
Zero	4.0%	10.5%	n/a
1x Target	5.0%	11.0%	50th
2x Target	8.0%	11.5%	60th
3x Target	11.5%	12.5%	70th
4x Target	15.0%	13.5%	80th
Outturn	21.1%	14.5%	55th percentile
Formulaic Outturn (as DVI Multiple, for each element)	4x Target	4x Target	1.55x Target
Total Formulaic Outturn (as DVI Multiple)	**3.18x Target or 79.6% of Maximum**		

At the March 2024 Remuneration Committee meeting, the Committee reviewed performance against the measures and targets attached to the second performance period which ended on 31 January 2024. The formulaic outturn for the second performance period of the DVI for all three measures (EPS growth, ROCE, and TSR) was below threshold resulting in 0% vesting for this proportion of the award as detailed in the following table.

	EPS growth (p.a.) (33% of award)[1]	2023/24 ROCE (33% of award)	TSR %ile vs. comparator group (33% of award)
Zero	4.0%	12.00%	n/a
1x Target	5.0%	12.25%	50th
2x Target	6.0%	12.50%	60th
3x Target	10.0%	13.50%	70th
4x Target	16.0%	15.00%	80th
Outturn	(8.2)%	7.8%	42nd percentile
Formulaic Outturn (as DVI Multiple, for each element)	0x Target	0x Target	0x Target
Total Formulaic Outturn (as DVI Multiple)	**0.0x Target or 0.0% of Maximum**		

1. As disclosed when the targets were originally published, EPS growth is calculated from a re-based 2020/21 EPS figure of 25.6p to reflect non-recurring cost savings of £85 million related to Covid-19. Furthermore the EPS figure used for 2023/24 has been adjusted for share buybacks.

Alongside the formulaic vesting of the first performance period of 3.18x target, or 79.6% of maximum, the overall vesting of the DVI award was also subject to a quality of earnings test prior to the vesting date which the Committee used to determine if the formulaic outturn was reasonable. The test included considering the overall execution of the strategy, balance sheet health, the relative performance of growth vs. returns, the level of transformational costs relative to the plan (Capex and P&L costs), and the overall GDP growth level in the economy. Following the quality of earnings test, the Committee determined this level of outturn was appropriate.

This means that 1.59x target or 39.8% of maximum of the executive directors' awards (including Thierry Garnier's recruitment award) will vest on 30 July 2024.

Directors' remuneration report continued

The number and value of the awards vested for the current executive directors are therefore as follows:

Name	Number of shares vested[1]	Number of dividend equivalents[2]	Value of shares vested[3] £'000
Thierry Garnier	1,117,364	153,157	2,887.4
Thierry Garnier (recruitment)	117,617	16,120	303.9
Bernard Bot	675,004	92,523	1,744.3

1. The number of shares shown represents the DVI award granted in October 2019, which is expected to vest on 30 July 2024.
2. Based on dividends accrued to date of publication of the report.
3. Calculated using the three-month average share price to 31 January 2024 of 227.3p. For the main awards, £150.7k and £91.0k of the value for the CEO and CFO was attributable to share price growth respectively. For the CEO's recruitment award, £15.9k was attributable to share price growth.

The approved 2019 and 2022 Policies require executive directors to retain 50% of their vested post-tax DVI shares and allows for the sale of up to 50% of any vested post-tax DVI shares regardless of whether they have met their shareholding requirement. Thierry Garnier has signalled to the Committee, his intention to sell 50% of his vested post-tax DVI shares in line with the approved policy.

The company has agreed if a sale is to occur, that the sale of these shares will occur in a 5 day window later this year. A set time frame to sell shares will be determined to ensure that the sale of these shares are not linked to market and corporate events with the actual time period taking into account closed periods. Shareholders will be informed of the details of the sale via RNS.

6. Pensions (audited information)

Executive directors based in the UK are eligible to join the UK defined contribution pension plan (the DC Scheme). No executive director has a prospective right to a defined benefit pension.

The company operates a policy for all employees to limit the combined employer and member pension contributions during a tax year to the annual allowance, with the excess employer contribution being directed into a taxable monthly cash allowance. In addition, employees may opt out of the scheme completely. The executive directors have both opted to receive a cash allowance of 12.5% of salary in lieu of pension employer contribution. This is aligned to the offering to the wider UK workforce as detailed in Remuneration Policy on page 88.

A summary of the arrangements for the executive directors is set out below.

Name	Notional employer contribution rate into defined contribution pension scheme for which the individual is eligible	Member of the UK DC Scheme	Cash allowance in lieu of employer contributions into DC Scheme	Cash allowance rate as % of salary
Thierry Garnier	14%	No	Yes, in full	12.5%
Bernard Bot	14%	No	Yes, in full	12.5%

Pension benefits paid during the year

Name	Employer contributions into DC Scheme £'000	Cash alternative £'000	Total 2023/24 £'000	Total pension benefit as a % of base salary
Thierry Garnier	n/a	109.4	109.4	12.5%
Bernard Bot	n/a	77.3	77.3	12.5%

Payments to past directors (audited information)

There were no payments made to past directors.

Payments for loss of office (audited information)

There were no payments made to directors for loss of office.

Outside appointments for executive directors

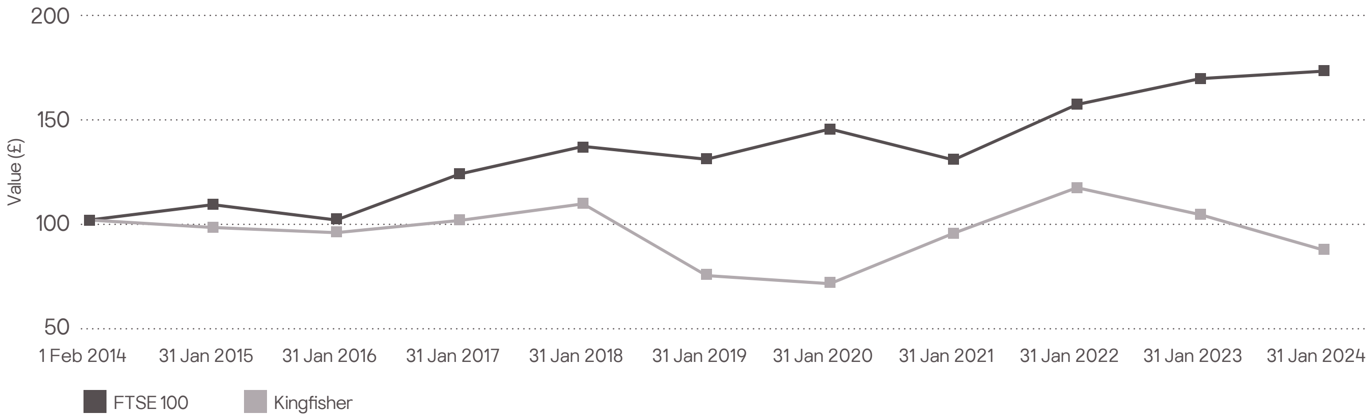
Subject to the rules governing conflicts of interest, Kingfisher is supportive of its executive directors holding one external non-executive position. The exercise of such roles can provide valuable insight for the executive directors, which can be of benefit to Kingfisher. Subject to the Committee's agreement, the individual may retain any fees applicable for these roles.

Thierry Garnier was appointed a non-executive director and a member of the remuneration committee at Tesco plc on 30 April 2021. Thierry receives £101,500 per annum for fulfilling this role. Bernard Bot is a non-executive director and a member of the audit committee at A.P. Møller–Mærsk A/S. Bernard receives 1,300,000 DKK per annum for fulfilling this role.

Both executive directors retain their fees.

Performance graph

The graph below shows Kingfisher's total shareholder return for the 10 years to 31 January 2024, which assumes that £100 was invested in Kingfisher on 1 February 2014. The company chose the FTSE 100 Index as an appropriate comparator for this graph, as Kingfisher has been a constituent of that index for the majority of the period.



Directors' remuneration report continued

CEO's remuneration over the last 10 years

The table below sets out the total remuneration of the holder of the office of CEO for the period from 1 February 2014 to 31 January 2024.

Year	CEO	Bonus % of maximum awarded[1]	Value of bonus awarded £'000	Original Alignment Share grant as a % of salary[2]	Alignment Share % of maximum vesting[2]	Value of shares vested £'000	Original LTIP/DVI grant level as a % of salary[3]	LTIP/DVI % of maximum vesting	Value of vested shares £'000	CEO's single figure £'000
2014/15	Sir Ian Cheshire/Véronique Laury[4]	12.3	202.6	–	–	–	n/a	n/a	n/a	1,306.1
2015/16	Véronique Laury	69.1	967.4	–	–	–	n/a	n/a	n/a	1,983.0
2016/17	Véronique Laury	90.0	537.0	20[5]	100	151.1	200	24.5	100.1	1,715.1
2017/18	Véronique Laury	87.0	534.2	20[5]	100	156.9	200	0.0	0.0	1,582.6
2018/19	Véronique Laury	82.0	522.0	50[6]	62.5	323.8	n/a	n/a	n/a	1,761.3
2019/20	Véronique Laury/Thierry Garnier[7]	0	0	20[6]/n/a[8]	25.0/n/a	136.2/n/a	n/a	n/a	n/a	1,178.7
2020/21	Thierry Garnier	79.8	510.7	n/a[8]	n/a	n/a	n/a	n/a	n/a	1,656.2
2021/22	Thierry Garnier	97.5	634.4	80[9]	100	816.1	n/a	n/a	n/a	2,408.9
2022/23	Thierry Garnier	15.9	265.2	80[10]	100	706.2[11]	n/a	n/a	n/a	1,964.4
2023/24	Thierry Garnier	20.8	364.9	80[12]	100	468.7	840[13]	39.8	3,191.3[14]	5,073.1

1. The maximum bonus opportunity was 200% of base salary up to the end of the 2015/16 financial year. The maximum bonus opportunity from 2016/17 to 2021/22 was 80% of salary. The maximum bonus opportunity from 2022/23 onwards is 200% of salary.
2. Element of reward introduced under the Remuneration Policy approved by shareholders at the 2016 AGM.
3. The original LTIP grant shows the award level at the point of grant, three years prior to the date the vesting percentage was determined. The DVI grant shows the award level at the point of grant, five years prior to the date the vesting percentage was determined.
4. Sir Ian Cheshire stepped down as CEO on 8 December 2014, at which point Véronique Laury took over the position. Sir Ian Cheshire's remuneration in the table is from the start of the financial year up until 8 December 2014, and Véronique Laury's is from 8 December 2014 to the end of the financial year. The single total figure in the table above shows the combined total remuneration for both Sir Ian Cheshire and Véronique Laury.
5. This represents 25% of the total Alignment Share award (equivalent to 80% of salary) granted in 2016 and 2017 respectively. This portion vested upon grant. The remaining 75% of this award (equivalent to 60% of salary) may vest three years after the date of grant, subject to performance against the underpin measures set out in the corresponding Remuneration report.
6. This represents 25% of the total Alignment Share award (equivalent to 80% of salary) granted in 2018 or 2019 (that vested upon grant) and 75% of the total Alignment Share award granted in 2016 (that partially vested in June 2019) and in 2017 (which lapsed in full) for Véronique Laury and which were subject to performance against the underpin measures set out in the corresponding Remuneration report.
7. Véronique Laury stepped down as CEO on 24 September 2019, at which point Thierry Garnier took over the position. Véronique Laury's remuneration in the table is from the start of the financial year up until 24 September 2019, and Thierry Garnier's is from 25 September 2019 to the end of the financial year. The single total figure in the table above shows the combined total remuneration for both Véronique Laury and Thierry Garnier.
8. 100% of the Alignment Share award granted to Thierry Garnier (equivalent to 80% of salary) in 2019 and 2020 is subject to performance against the underpin measures set out in the corresponding Remuneration report.
9. The figure for 2021/22 represents 100% of the 2019 Alignment Share Award granted to Thierry Garnier vesting based on performance against the underpins as detailed in this Remuneration report. 100% of the Alignment Share award granted to Thierry Garnier (equivalent to 80% of salary) in 2021 is subject to performance against the underpin measures set out in the corresponding Remuneration report.
10. The figure for 2022/23 represents 100% of the 2020 Alignment Share Award granted to Thierry Garnier vesting based on performance against the underpins as detailed in this Remuneration report.
11. The value of the 2020 Alignment Share award for Thierry Garnier and Bernard Bot has been updated using the share price at date of vesting (28 July 2023) of 247.1p and includes values of dividend equivalents accrued from date of grant to vesting.
12. The figure for 2023/24 represents 100% of the 2021 Alignment Share Award granted to Thierry Garnier, vesting based on performance against the underpins as detailed in this Remuneration report.
13. The figure for 2023/24 represents 100% of the main DVI Award and recruitment Award (760% and 80% respectively) granted to Thierry Garnier vesting based on performance against the measures as detailed in this Remuneration report.
14. This represents the combined vested value of main DVI award and Recruitment Award (£2,887.4k and £303.9k respectively).

Change in the remuneration of the directors

The table below shows how the percentage change in each director's (including the non-executive directors') salary, fees, taxable benefits and bonus between 2020/21 and 2023/24 compared with the average percentage change of each of those components for all full-time equivalent employees based in Kingfisher plc (as required by regulations). In line with prior years, the percentage change for each director has also been compared to the UK employee workforce (the UK entities, including B&Q and Screwfix). The UK employee workforce is deemed to be a suitable comparator group as the executive directors are based in the UK (albeit with global roles and responsibilities) and pay changes across Kingfisher vary widely depending on local market conditions.

	Base salary/fees[1]				Taxable benefits				Bonus			
	2023/24	2022/23	2021/22	2020/21	**2023/24**	2022/23	2021/22	2020/21	**2023/24**	2022/23	2021/22	2020/21
Executive directors												
Thierry Garnier[2]	**4.7%**	2.8%	8.9%	-6.7%	**21.6%**	20.1%/ 1.2%[3]	-85.8%/ -10.9%[3]	112%/ 15.2%[3]	**37.6%**	-58.2%	24.2%	n/a
Bernard Bot[2]	**4.7%**	2.8%	8.9%	-6.7%	**0.3%**	-4.5%	-1.0%	1.0%	**37.6%**	-60.3%	24.2%	n/a
Non-executive directors												
Andrew Cosslett	**4.0%**	3.0%	10.0%	-9.1%	**-0.6%**	6.6%	1.1%	8.6%	**n/a**	n/a	n/a	n/a
Claudia Arney	**3.1%**	0.0%	12.8%	17.7%[4]	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Catherine Bradley[5]	**2.5%**	23.2%[6]	47.3%	n/a	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Jeff Carr	**2.8%**	11.6%[6]	12.8%	-10%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Sophie Gasperment[7]	**9.8%**	0.0%	47.5%	-10%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Rakhi Goss-Custard	**2.8%**	45.2%[6]	13.3%	-10%	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
Bill Lennie[8]	**3.5%**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
All Kingfisher plc employees	**8.2%**[10]	7.4%	-2.6%	-13.8%	**4.6%**	27.4%	-31.8%[9]	-33.0%	**58.6%**[10]	-60.8%	70.1%	977%
All UK employees[11]	**5.7%**	11.0%	7.1%	-0.6%	**4.1%**	12.5%	-6.3%	-19.1%	**98.1%**	-55.6%	3.4%	128.8%

1. Percentages reflect cuts in salary and fees made between April 2020 and July 2020 for executive directors and between April 2020 and September 2020 for non-executive directors.
2. Joined on 25 September 2019 and 19 October 2019: percentages between 2020/21 and 2019/20 have been calculated on a full-time basis. No bonus was paid for 2019/20 so percentage change between 2020/21 and 2019/20 could not be calculated.
3. First figure includes relocation paid during 2022/23, 2021/22 and 2020/21, the second excludes it.
4. Became Chair of the Remuneration Committee on 21 January 2020. Fee for this role is £20,000 on top of non-executive director fees.
5. Joined on 2 November 2020 and became Senior Independent Director on 29 January 2021. Fee for this role is £20,000 on top of non-executive director fees. Percentages for 2021/22 have been calculated assuming full-time basis.
6. The percentage change between 2021/22 and 2022/23 for the non-executive directors reflect that members of the Audit, Remuneration and Responsible Business Committee receive a fee of £10,000 from 1 February 2022.
7. Started to receive a fee of £20,000 for Chair of Responsible Business Committee from 1 February 2021. Became a member of the Remuneration Committee in June 2023.
8. Joined on 1 May 2022. The percentage change for 2023/24 is calculated using full time equivalent fees for 2022/23.
9. The % change in the taxable benefits for employee population is related to the impact Covid-19 had on expenses and benefits claimed during the year.
10. Kingfisher PLC changes in base salary and bonus influenced by changes in the population.
11. Includes all UK employees including those in B&Q and Screwfix.

Relative importance of spend on pay

The table below shows the relative importance of spend on employee remuneration when compared with distributions to shareholders.

	2023/24 £m	2022/23 £m	Percentage change
Overall expenditure on pay	**2,068**	2,002	3.3%
Share buybacks undertaken during the year[1]	**160**	337	-52.6%
Total dividends paid in the year	**237**	246	-3.7%

1. During the year, the Group purchased 67 million of the company's own shares for cancellation at a cost of £160 million as part of its capital returns programme.

Pay ratio analysis

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023/24	Option B (i.e. 25th percentile, median and 75th percentile individual identified from our April 2023 gender pay gap analysis)[1]	221:1	212:1	190:1
2022/23	Option B[2]	93:1	86:1	80:1
2021/22	Option B	127:1	116:1	113:1
2020/21	Option B	95:1	93:1	71:1
2019/20	Option B	71:1	64:1	56:1
2018/19	Option B	106:1	97:1	81:1

1. The CEO total remuneration figure captured in the disclosed pay ratio above is consistent with the value in the single figure table, and so captures the entirety of the DVI value which will vest in 2024. However, because the DVI was structured as a consolidated award that combined three years worth of incentive into one long term incentive plan, if presented on an annualised basis, the effective DVI value earned for 2023/24 would be £1,063.8k for the CEO, with a restated total remuneration figure of £2,945.6k. Restating the CEO pay ratios on this basis would result in ratios of 129:1 at the 25th percentile, 123:1 at median and 110:1 at the 75th percentile.
2. Ratios for 2022/23 have been restated using actual share price at vesting of 2020 Alignment Share Award (247.1p) rather than the three month average share price, between November 2022 and January 2023, used at disclosure.

We have used Option B in the legislation to leverage the analysis completed as part of our UK gender pay gap reporting exercise. We have determined our 25th percentile, median and 75th percentile individual using data from the respective 5 April snapshots. While gender pay gap legislation and CEO pay ratio legislation employ different calculations, the three identified UK employees receive similar remuneration structures, and therefore we are confident that they also represent broadly the same respective percentiles when calculated using the single figure of total remuneration methodology required in the CEO pay ratio calculation. Where relevant, each colleague's pay and benefits were calculated on a full-time equivalent basis, and no further adjustments were made. The values for total remuneration for the 25th percentile, median and 75th percentile were £22.9k, £23.9k and £26.8k respectively comprising salary and employer contribution to pension. The salaries for these employees were £21.8k, £22.8k and £25.5k respectively.

The majority of the Group's workforce are store based. Given this workforce profile, the pay and benefits data used to calculate the CEO pay ratio are from colleagues who are store based. These colleagues' reward structure comprises primarily fixed components while the CEO's total remuneration is strongly linked to performance with a significant variable component. The year-on-year change at median can be attributed to the outturns of variable pay elements of the CEO in any given year, including most recently in respect of the outcomes in the annual bonus, Alignment Share and DVI awards. Further details of the DVI award are set out earlier in this report, however the award is a one-off award that combines three years worth of long term incentive opportunity into a single grant. This therefore inflates the single year figure in which the award vests (2023/24) and results in greater volatility in our pay ratio analysis. The remuneration structures for our colleagues are aligned to the market and to our remuneration principles. It is, therefore, the Committee's view that the ratios remain consistent with pay and progression policies for UK employees.

Executive directors' shareholdings and share interests (audited information)

Executive directors are required to build a significant shareholding in the company. Unvested awards are not included when assessing holding requirements. Vested awards are included when assessing holdings but are adjusted to take into account the tax liability arising on exercise.

The table below sets out the beneficial interests of the executive directors (or any connected persons) in the ordinary shares of the company and a summary of the outstanding share awards as at 31 January 2024. Calculations are based on a share price of 220.4p per share (being the closing price of a Kingfisher share on 31 January 2024).

	Shares held		Awards over nil-cost options				
Name	Number of shares held outright		Vested but not exercised[1]	Unvested and subject to continued employment	Unvested and subject to performance conditions and continued employment[2]	Shareholding requirement (% of base salary)[3]	Shareholding as of 31 Jan 24 (% of base salary)[4]
	31 Jan 24	31 Jan 23					
Thierry Garnier[5]	100,000	100,000	625,990	–	5,740,340	350%	108%
Bernard Bot[5]	80,000	80,000	326,291	–	3,413,441	270%	89%

1. Nil-cost options and awards that have vested but have yet to be exercised are considered to count towards the shareholding requirement, other than any such shares that correspond to the estimated income tax and national insurance contributions that would arise on their exercise (estimated at 47% of the award). For Thierry Garnier and Bernard Bot, these awards include the 2019 and 2020 Alignment Share awards which vested in 2022 and 2023 respectively.
2. These awards include nil-cost options to Thierry Garnier and Bernard Bot in respect of the 2021 Alignment Share awards, the 2019 Delivering Value Incentive award and the 2022 and 2023 Performance Share Plan awards.
3. Shareholding requirement as of 31 January 2024.
4. Between 1 February 2024 and the date of this report, there were no changes in the beneficial interests of the executive directors' shareholdings.
5. As potential beneficiaries of the Kingfisher Employee Benefit Trust (the Trust), Thierry Garnier and Bernard Bot are deemed to have an interest in the company's ordinary shares held by the Trust. The Trust held 10,307,271 ordinary shares at 31 January 2024.

Share awards made during the financial year (audited information)

Options and awards over shares were made during the year ended 31 January 2024 under the Kingfisher Performance Share Plan rules (KPSP) in respect of the 2023 Performance Share Plan (PSP) award.

2023 Performance Share Award

Name	Date of grant[1]	Number of shares	Face value of award[2] £'000	End of performance period[3]	Final exercise date[4]
Thierry Garner	20 Apr 23	930,814	2,394	31 Jan 26	20 Mar 33
Bernard Bot	20 Apr 23	621,526	1,599	31 Jan 26	20 Mar 33

1. Vesting date of 20 April 2026.
2. The number of shares, at the time of grant, was based on 275% and 260% of base salary for the CEO and CFO respectively and the three-day average closing share price preceding the date of grant. The awards were made under the KPSP and the value above is based on the closing share price as at the date of grant, of 257.2p per share, for 20 April 2023.
3. The shares will vest subject to performance against the performance conditions over the period to the end of the 2025/26 financial year.
4. The awards are structured as nil-cost options and have an exercise period of seven years less one month.

The performance conditions attached to the 2023 Performance Share Award are as follows:

Target	2025/26 EPS (25%)	2025/26 ROCE (25%)	TSR percentile vs. relative TSR peer group (25%)
Threshold (25% vesting)	29.7p	9.70%	50th
Stretch (100% vesting)	37.7p	11.95%	75th

			ESG (25% weighting)
Target	Climate change (reduction in scope 1 and 2 emissions)	Forest positive (% of wood and paper responsibly sourced as a % of SKUs purchased)	Gender diversity (% of women in senior leadership)
Threshold (25% vesting)	45.0%	98.0%	31.0%
Target (50% vesting)	46.0%	99.0%	34.0%
Stretch (100% vesting)	47.0%	99.5%	36.0%

For the EPS, ROCE and Relative TSR measures, there will be straight-line vesting between Threshold and Stretch. For the ESG measures, there will be straight-line vesting between Threshold and Target, and Target and Stretch.

TSR will be measured against the combined group of the constituents of the FTSE 350 Retailers, FTSE 350 Drug and Grocery Stores as well as the STOXX 600 Drug and Grocery Stores as at 1 February 2023.

2024 Performance Share Plan Award

In line with the approved Remuneration Policy, the Committee intends to grant Thierry Garnier and Bernard Bot a PSP award with a maximum opportunity of 275% and 260% of base salary respectively at the next grant date (expected to be late April 2024).

The measures for the 2024 grant will be broadly similar as those for the 2023 award and are EPS, ROCE, Relative TSR and a basket of three ESG measures. The measures and targets attached to the vesting of the 2024 award are as follows:

Target	2026/27 EPS (25%)	2026/27 ROCE (25%)	TSR Percentile vs. relative TSR peer group (25%)
Threshold (25% vesting)	23.0p	8.20%	50th
Stretch (100% vesting)	30.1p	10.15%	75th

			ESG (25% weighting)
Target	Climate change (reduction in scope 1 and 2 emissions)	Sustainable Home Products (% of total Group sales)	Gender diversity (% of women in senior leadership)
Threshold (25% vesting)	52.0%	53.0%	31.0%
Target (50% vesting)	55.0%	58.0%	34.0%
Stretch (100% vesting)	62.0%	61.0%	37.0%

For the EPS, ROCE and Relative TSR measures, there will be straight-line vesting between Threshold and Stretch. For the ESG measures, there will be straight-line vesting between Threshold and Target and Target and Stretch. These measures have been chosen for the PSP as EPS, ROCE and ESG are aligned to the strategy while relative TSR ensures that payouts for participants are aligned to long-term value creation for shareholders. ESG in particular was chosen to reflect the importance of our Responsible Business agenda and to recognise our long-term goals and commitments. The chosen ESG measures are all core elements of our agenda.

For the 2024 PSP cycle, the Committee decided to replace our previous Forest Positive measure with Sustainable Home Products (SHP) as a percentage of total Group Sales. The rationale for the change is that Kingfisher is aiming to achieve its Forest Positive objective of responsibly sourcing 100% of its wood and paper products by 2025/26 and remains on track to do so. As the performance period for the 2024 PSP ends beyond this date (ending FY 26/27), the Committee concluded that this measure, while suitable for the 2022 and 2023 PSP, was not suitable for the 2024 PSP. The Committee reviewed a number of different alternatives and concluded that SHP, as a % of total Group sales, would be a good measure to include in the 2024 PSP. SHP is a key component in our Responsible Business strategy, representing our main measure for determining achievement against our 'Customer' pillar (as shown in the Responsible Business section on page 25). It is also vigorously validated with both the guidelines set by Kingfisher and the resulting outturns assessed extensively externally. It is intended that the SHP performance will be assessed on a consistent basis with the assumptions incorporated into the base year and accompanying target range. All three ESG measures will be weighted equally within the ESG basket of measures.

One of the key reference points for setting the EPS and ROCE targets is the Group's internal three-year plan which in itself takes into account the operating environment. The Committee also reviewed the target ranges taking into account external consensus and concluded that the ranges for EPS and ROCE appropriately balance being achievable yet stretching. EPS will be based on 'pence' in line with last year.

For ESG measures, targets have been set using our long-term public commitments, internal targets as well as 2023/24 outturns. Target ranges demonstrate a progression in the target ranges versus the target ranges in the 2023 PSP where applicable.

- For Climate change (reduction in scope 1 and 2 carbon emissions from a 2016/17 baseline), the target took into account our significant progress to date against our SBTi approved targets including the long term sustainability of targets to date as well as future possible targets aligned with our net zero commitments.
- Improving the % of women in our senior leadership population (top c.300) remains an important and ongoing area of focus. The range set takes into account our current outturn and the progress required to achieve our long-term aims.
- The SHP range has been developed taking into account current as well as anticipated progress and our targets.

The Relative TSR measure remains unchanged. Kingfisher's TSR will be measured against the combined group of the constituents of the FTSE 350 Retailers, FTSE 350 Drug and Grocery Stores as well as the STOXX 600 Drug and Grocery Stores as at 1 February 2024.

Scheme interests exercised during the financial year (audited information)

No awards were exercised by executive directors during the year.

Dilution limits

The terms of the company's share plans set limits on the number of newly issued shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans to under 10% of the issued share capital over a 10-year period, with a further limitation of 5% in any 10-year period on executive plans.

Only those awards granted under the Kingfisher Sharesave plan are satisfied by newly issued shares.

Any awards that are satisfied by market-purchased shares are excluded from these calculations, including all awards made under the Kingfisher Alignment Share and Transformation Incentive Plan (KASTIP), Kingfisher Performance Share Plan (KPSP) and Kingfisher Share Award Plan (KSAP).

No treasury shares were held or utilised in the year ended 31 January 2024.

Single total figure of remuneration for the non-executive directors (audited information)

Fees payable to non-executive directors

The table below sets out the remuneration of each non-executive director during the financial year ended 31 January 2024 and the comparative figures for the year ended 31 January 2023. During the year, no payments were made to non-executive directors for expenses other than those incurred in the ordinary course of their appointments.

Name	Additional responsibilities	Committee membership[1]	Fees 2023/24 £'000	Fees 2022/23 £'000	Taxable benefits 2023/24 £'000	Taxable benefits 2022/23 £'000	Total 2023/24 £'000	Total 2022/23 £'000
Andrew Cosslett[2]	Chair, Nomination Committee Chair	R, N	530.3	509.9	1.3[3]	1.3[3]	531.5	511.1
Claudia Arney	Remuneration Committee Chair	R, N	89.0	86.3	–	–	89.0	86.3
Catherine Bradley	Senior Independent Director	A, R, N	109.0	106.3	–	–	109.0	106.3
Jeff Carr	Audit Committee Chair	A, R, N	99.0	96.3	–	–	98.7	96.3
Sophie Gasperment[4]	Responsible Business Committee Chair	R, N, RB	94.8	86.3	–	–	94.8	86.3
Rakhi Goss-Custard		A, R, N, RB	99.0	96.3	–	–	98.7	96.3
Bill Lennie		A, N	79.0	57.2	–	n/a	79.0	57.2
Total			**1,100.1**	**1,038.6**	**1.3**	**1.3**	**1,100.7**	**1,039.8**

1. Indicates which directors served on each committee during the year: Audit Committee = A; Nomination Committee = N; Remuneration Committee = R; Responsible Business Committee = RB.
2. Andrew Cosslett stepped down from the Remuneration Committee on 27 June 2023. For his role as Chair, he receives a fee of £482,040 per annum. The fees paid to Andrew Cosslett include a contribution of £48,210 towards the costs of an assistant.
3. These relate to private medical cover for Andrew Cosslett and his family.
4. Sophie Gasperment was appointed to the Remuneration Committee on 27 June 2023 and received an additional fee pro rata from that date.

Notes to the single total figure of remuneration for the non-executive directors (audited information)

Fees

Fees paid to the Chair and non-executive directors for 2023/24 and 2022/23 are shown below. No benefits are provided except for a store discount card of up to 20%.

	Fees £'000 As at 1 February 2023	Fees £'000 As at 1 February 2022	% increase
Chair[1]	530.3	509.9	4%
Non-executive director fee[2]	69.0	66.3	4%
Senior Independent Director	20.0	20.0	0%
Audit Committee Chair	20.0	20.0	0%
Remuneration Committee Chair	20.0	20.0	0%
Responsible Business Committee Chair	20.0	20.0	0%
Audit Committee member	10.0	10.0	0%
Remuneration Committee member	10.0	10.0	0%
Responsible Business Committee member	10.0	10.0	0%

1. The Committee reviewed the fee for the company Chair in 2023 and agreed to increase the fee by 4%.
2. The Board reviewed the non-executive fees in 2023 and agreed to increase the fee by 4%.

Directors' remuneration report continued

Non-executive directors' shareholdings (audited information)

The table below sets out the current shareholdings of the non-executive directors (including beneficial interests and interests of persons closely associated) as at 31 January 2024. The company does not operate a share ownership policy for the non-executive directors but encourages non-executive directors to acquire shares on their own account.

	Number of shares held outright as at 31 January 2024[1]	Number of shares held outright as at 31 January 2023
Andrew Cosslett	388,556	388,556
Catherine Bradley	20,000	20,000
Claudia Arney	27,460	27,460
Jeff Carr	210,000	210,000
Sophie Gasperment	10,110	10,110
Rakhi Goss-Custard	6,124	6,124
Bill Lennie	170,000	100,000

1. There have been no changes to the beneficial interests of the non-executive directors between 1 February 2024 and 24 March 2024.

Statement on the implementation of the Remuneration Policy for 2024/25

Implementation of the Policy for executive directors for the year ahead

Base salary	A 4% salary increase will be awarded to the executive directors effective from 1 April 2024. The new salaries are £917,830 for the CEO and £648,215 for the CFO. This is in line with the Policy and the increase offered to the wider UK head office workforce.
Benefits	Will be implemented in line with the Policy.
Pension	12.5% of salary cash allowance in lieu of pension contributions, which is in line with the offering to the wider UK workforce. This is in line with the Policy.
Annual Bonus	Will be awarded in line with the Policy. The 2024/25 Annual Bonus will have a maximum opportunity of 200% of salary for the CEO and 190% of salary for the CFO and will be judged based on the achievement of financial and strategic output measures, as set out below: – 40% Like-for-like sales growth – 40% Adjusted pre-tax profit – 20% Free cash flow A holistic assessment of Group performance will also be taken into consideration. Any bonus earned over 100% of salary will be deferred into shares for three years. In the opinion of the Committee, the details of the Annual Bonus measures and targets for 2024/25 are commercially sensitive as they closely align with annual business priorities and accordingly are not disclosed. These will be disclosed in the 2024/25 Annual Report and Accounts.
Performance Share Plan	Will be awarded in line with the Policy. The 2024 Performance Share Plan awards will be granted at the next available grant date. The CEO will be granted an award of the value of 275% of salary at date of grant with the CFO receiving a grant of 260% of salary. The performance conditions attached to the vesting of award are as follows: – 25% EPS – 25% ROCE – 25% Relative TSR – 25% ESG measures (Climate change, Sustainable Home Products, Gender diversity) Details of the target ranges for the 2024 PSP are detailed on page 105 to 106. Performance will be measured over three years, with awards vesting three years after the grant date. Any vested awards will be subject to an additional two-year holding period.

Implementation of the Remuneration Policy for non-executive directors for the year ahead

	Fees £'000		
	As at 1 February 2024	As at 1 February 2023	% increase
Chair[1]	546.2	530.3	3%
Non-executive director fee	71.0	69.0	3%
Senior Independent Director fee	20.6	20.0	3%
Audit Committee Chair	20.6	20.0	3%
Remuneration Committee Chair	20.6	20.0	3%
Responsible Business Committee Chair	20.6	20.0	3%
Audit Committee member	10.3	10.0	3%
Remuneration Committee member	10.3	10.0	3%
Responsible Business Committee member	10.3	10.0	3%

1. Part of the Chair's fee relates to a contribution to the cost of his assistant per annum. He additionally receives private medical insurance for himself and his family.

The Board reviewed the non-executive directors' fees in 2023/24 and agreed, effective 1 February 2024, that the base fee will increase by 3% to £71,030. It was also agreed that the Senior Independent Director, Committees' Chair and members fees would increase by 3% to £20,600, £20,600 and £10,300 respectively.

Separately, in respect of the company Chair's fee, the Committee has agreed to award a 3% increase to the total current combined fee of £530,250 (comprising a core £482,040 fee plus £48,210 towards the cost of an assistant). This increases the combined fee to £546,160 (core fee of £496,500 plus £49,660 towards an assistant).

The increases for non-executive directors' and Chair are lower than the increase being implemented for the wider UK workforce.

Service contracts/letters of appointment

	Date of service contract/letter of appointment	Expiry of current term
Andrew Cosslett	1 April 17	31 March 26
Claudia Arney	1 November 18	31 October 24
Bernard Bot	21 October 19	12 months rolling
Catherine Bradley	2 November 20	1 November 26
Jeff Carr	1 June 18	31 May 27
Thierry Garnier	25 September 19	12 months rolling
Sophie Gasperment	1 December 18	30 November 24
Rakhi Goss-Custard	1 February 16	31 January 25
Bill Lennie	1 May 22	30 April 25

Copies of the executive directors' service contracts and the non-executive directors' letters of appointment are held at the company's registered office address and are available to shareholders for inspection on request. Requests should be sent by email to shareholderenquiries@kingfisher.com.

The Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

Claudia Arney
Chair of the Remuneration Committee

24 March 2024

Directors' report

This report sets out the information the company and the Group are required to disclose in the Directors' report in compliance with the Companies Act 2006 (the Act), the Financial Conduct Authority's Listing Rules (Listing Rules), the Disclosure Guidance and Transparency Rules (DTRs), and the UK Corporate Governance Code 2018 (the Code). This report should be read in conjunction with the Strategic Report on pages 1 to 67 and the Corporate governance report on pages 68 to 109. In accordance with Section 414C(11) of the Act, the company has decided to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' report. Together, the Strategic Report, this Directors' report, and other sections of the Corporate governance report incorporated by reference, when taken as a whole, form the Management Report as required under Rule 4.1.5R of the DTRs.

The table below sets out the location of applicable disclosures incorporated into the Directors' report, by reference. The majority of the disclosures required under Listing Rule 9.8.4 R are not applicable to the Group. The table below includes the location of the disclosures for those requirements that do apply:

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Articles of Association (Articles)

The Articles of the company may only be amended by special resolution at a meeting of the shareholders. The Articles are available on the company's website.

Branches

The Kingfisher Group, through various subsidiaries, has established branches in a number of countries in which the business operates.

Directors

The Board and their biographical details are set out on pages 70 to 71. Details of the directors' interests in the shares of the company can be found in the Directors' remuneration report on pages 104 and 108. Directors are appointed and replaced in accordance with the Articles, the Act, and the Code. Under the Articles, all directors will retire from office at the next AGM where they will stand for election or re-election by shareholders. During the year, there have been no changes made to the Board.

Directors' indemnity arrangements

The directors who served on the Board during the year have been granted a qualifying third-party indemnity, under the Act, which remains in force. The Group also maintains Directors' and Officers' liability insurance in respect of its directors and officers, and the directors of the Group's subsidiary companies. Neither the company's indemnity nor insurance provide cover if an indemnified individual is proved to have acted fraudulently or dishonestly.

Directors' powers

Subject to provisions of the Act, the Articles, and to any directions given by special resolution, the business of the company shall be managed by the Board, which may exercise all the powers of the company.

Borrowing powers

The directors may exercise all the powers of the company to borrow money.

Issue of ordinary shares

The directors were authorised by shareholders at the 2023 AGM to allot shares, as permitted by the company's Articles. During the year, 1,916,378 shares were issued under the terms of the Sharesave Plan at prices between 159.0 pence and 275.0 pence per share.

This resolution was in line with guidance issued by the Investment Association and remains in force until the conclusion of the 2024 AGM, or if earlier, until close of business on 26 September 2024. The company will seek to renew this standard authority at the 2024 AGM.

Purchase of own shares

Shareholders further approved a resolution at the 2023 AGM for the company to make purchases of its own shares up to a maximum of 10% of its issued share capital.

In line with Kingfisher's capital allocation policy, the Board was pleased to announce the additional return of £300 million of surplus capital to shareholders via a share buyback programme on 19 September 2023 (following the £300 million buyback programme that was announced on 23 May 2022 and completed on 16 August 2023). This decision was reflective of the ongoing balance sheet strength and low leverage and the Board's confidence in the outlook including cash generation for the 2023/24 financial year. This form of return of capital was selected to increase shareholder returns and net asset value per share, while supporting an efficient balance sheet.

During the year the company purchased 67,386,971 ordinary shares of $15^{5/7}$ pence per share at an average price of £2.30 per share, for a total consideration of £155 million (excluding stamp duty). This represents 3.6% of the company's issued share capital for the year ended 31 January 2024.

All shares purchased under this authority have been cancelled. This resolution is in line with guidance issued by the Investment Association and remains in force until the conclusion of the 2024 AGM, or if earlier, until close of business on 26 September 2024. The company will seek to renew this standard authority at the 2024 AGM.

Conflicts of interest

The company has robust procedures in place to identify, authorise and manage potential or actual conflicts of interest, and these procedures have operated effectively during the year. Where potential conflicts arise, they are reviewed, and if appropriate, approved by the Board. Processes for managing such conflicts are put in place to ensure no conflicted director is involved in any decision related to their conflict.

Directors' other key appointments are set out in the directors' biographies on pages 70 to 71.

Dividends

The interim dividend of 3.80p per ordinary share was paid on 17 November 2023. The Board is recommending a final dividend of 8.60p per ordinary share, making a total ordinary dividend for the year of 12.40p per ordinary share. Subject to the approval of shareholders at the 2024 AGM, the final dividend will be paid on 25 June 2024 to shareholders on the register on 17 May 2024.

The Kingfisher Employee Benefit Trust, Wealth Nominees Limited (the Trust), waived the following dividends payable by the company in respect of the ordinary shares it held. The Trustee has agreed to waive its rights to all dividends payable on the ordinary shares held in the Trust:

Dividend	Number of shares waived (% of holding)	Total value of dividends waived
Final 2022/23 (paid July 2023)	15,121,106 100%	£1,300,415.12
Interim 2023/24 (paid November 2023)	11,914,455 100%	£452,749.29
Total for year to 31 January 2024		**£1,753,164.41**

Major shareholdings

As at 31 January 2024, the company had been notified under Rule 5 of the DTRs of the following interests in voting rights in its shares. The information below was calculated at the date on which the relevant disclosures were made in accordance with the DTRs; however, the percentage of total voting rights held by each may have changed since the company was notified.

	% of total voting rights
Silchester International Investors LLP	13.04
BlackRock, Inc.	7.75
Mondrian Investment Partners Limited	5.00

The following notifications were received after 31 January 2024 up to 24 March 2024:

	% of total voting rights
BlackRock, Inc.	7.73
Mondrian Investment Partners Limited	4.95

Political donations

The company made no political donations during the year (2022/23: £nil) and does not intend to make any political donations in the future.

As is our policy and practice, the company will continue to seek shareholder approval annually to enable us to make donations or incur expenditure in relation to EU political parties, other political organisations, or independent election candidates. This is on a precautionary basis to avoid any unintentional breach of the relevant provisions set out in the Act.

Research and development

The company undertakes research and development activities to develop its digital capability. In addition, the company undertakes product development activities using learnings gained by understanding our customer's challenges living and working at home and engaging with home improvement projects.

More information is available on pages 6 to 11 of the Strategic Report.

Share capital

The share capital of the company comprises ordinary shares of $15^{5/7}$ pence per share. All the company's issued shares are fully paid up and each share carries the right to one vote at general meetings of the company. The issued share capital of the company, together with movements in the company's issued share capital during the year, are shown in note 29 to the consolidated financial statements. The Articles contain provisions governing the ownership and transfer of shares.

The holders of ordinary shares are entitled to receive the company's Annual Report and Accounts, to attend and ask questions at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, except (i) where the company has exercised its right to suspend voting rights or to prohibit their transfer following the omission of their holder or any person interested in them to provide the company with information requested by it in accordance with Part 22 of the Act, or (ii) where their holder is precluded from transferring or otherwise dealing with the shares or exercising voting rights by the Listing Rules, the City Code on Takeovers and Mergers, or applicable Government sanctions. No person has any special rights of control over the company's share capital and all issued shares are fully paid.

The company has a Sponsored Level 1 American Depositary Receipt programme in the United States.

Significant agreements – change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid. These are deemed to be significant in terms of their potential impact on the business of Kingfisher as a whole.

These are:

- The £550 million revolving credit facility dated 28 May 2021 between the company, National Westminster Bank plc (as the facility agent) and the banks named therein as lenders, which provides that, subject to certain exceptions, in the event of a change of control of the company, a lender will not be obliged to fund a utilisation request and may notify the agent that they wish to cancel their commitment resulting in the commitment of that lender being cancelled and all outstanding loans, together with accrued interest, becoming immediately due and payable to that lender.
- The £50 million loan facility dated 23 December 2022 between the company and National Westminster Bank plc, which contains a provision such that in the event of a change of control, the bank will not be obliged to fund a utilisation request and may cancel its commitment whereupon all outstanding loans together with accrued interest will become immediately due and payable.
- The £50 million loan facility dated 16 January 2023 between the company and Caixabank, S.A., United Kingdom Branch, which contains a provision such that in the event of a change of control, the bank will not be obliged to fund a utilisation request and may cancel its commitment whereupon all outstanding loans together with accrued interest will become immediately due and payable.

There are no agreements in place with any director or officer that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the company's share incentive schemes may cause options and awards granted under such schemes to vest on a takeover.

Disclosure of information to auditor

Each person who is a director at the date of approval of this report confirms that:

- So far as he or she is aware, there is no relevant audit information of which the company's auditor is unaware.
- Each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

Directors' report approval

The directors' report was approved by a duly authorised committee of the Board of Directors on 24 March 2024 and signed on its behalf by

Chloe Barry
Company Secretary

24 March 2024

Statement of directors' responsibility

Responsibility for preparing the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (the 'Act'). The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements in accordance with IAS 1, 'Presentation of financial statements', the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- Make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Act. They are responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation, regulation and practice in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation, regulation and practice in other jurisdictions.

Responsibility statement

The directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.
- The Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable, and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Statement of directors' responsibility approval

The statement of directors' responsibility was approved by a duly authorised committee of the Board of Directors on 24 March 2024 and signed on its behalf by

Chloe Barry
Company Secretary

24 March 2024

Independent auditors' report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Kingfisher plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 37 to the group financial statements and 1 to 14 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 8 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Impairment of store-based assets: B&Q UK and France (charges and reversals); and – Inventory provisioning.
Materiality	The materiality that we used for the group financial statements was £28m which was determined on the basis of approximately 5% of adjusted profit before tax.
Scoping	We focused our group audit scope on all significant trading entities and the group's head office and support functions. These accounted for 95% of the group's revenue, 99% of the group's profit before tax and 95% of the group's net assets.
Significant changes in our approach	In our audit report on the 2022/23 audit of the financial statements, we identified a key audit matter relating to transfer pricing provisions and the recoverability of the EU state aid receivable. This year, we consider there to be a lower level of judgement for both of these items and so they are no longer included as a key audit matter. With respect to transfer pricing provisions, the provision and total estimated residual exposure has not significantly changed from the prior period, and there has been no legislative movement such that, we would need to perform additional assessments over the balance. With respect to EU state aid, there have been no significant developments over the period that would influence the recoverability of the debtor. Given these developments, we therefore consider the risk of material misstatement to have reduced. No other significant changes in approach were noted in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding the relevant controls relating to the assessment of the appropriateness of the going concern assumptions;
- assessing the entity's financing facilities including nature of facilities, repayment terms, covenants and available undrawn committed facilities;
- considering the linkage of management's forecasts to the group's business model and identified principal risks;
- assessing the key assumptions used in the group's forecasts;
- assessing the impact of reasonably possible downside scenarios on the group's funding position including forecast financial covenants and their compliance over the going concern period;
- assessing under what circumstances the group would require additional funding and determining whether such a scenario was likely to occur;
- recalculating the amount of headroom in the forecasts (liquidity and covenants);
- evaluating the integrity of the model used to prepare the forecasts, which includes testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management; and
- assessing whether the disclosures in relation to going concern are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of store-based assets: B&Q UK and France (charges and reversals)

<table>
<tr><td>Key audit matter description</td><td>
As at 31 January 2024, property, plant and equipment totalled £3,206 million (31 January 2023: £3,205 million) and right-of-use assets totalled £1,881 million (31 January 2023: £1,947 million), as disclosed in notes 15 and 17 to the financial statements.
In the current year, the group recorded a net store-based asset impairment charge of £76 million (2022/23: net impairment charge of £139 million) across the stores or Cash Generating Units ('CGUs'). Of this total net charge, £104 million (2022/23: £149 million) represented an impairment charge and £28 million (2022/23: £10 million) impairment reversals.
Given the ongoing difficult trading conditions there is an increased level of judgement and estimation required to determine an appropriate cash flow forecast. We have maintained continued focus and audit attention on this matter to reflect that this continues to be an important area of focus for the audit.
Impairment of store-based assets is primarily evaluated with reference to the higher of value in use and fair value less cost to sell of stores. The value in use is calculated as the net present value of future cash flows, driven by the group's board-approved three-year plan, a long-term growth rate, and a discount rate. The group also uses vacant possession valuations to approximate fair value less costs to sell when considering the recoverable amount of freehold and certain long leasehold stores.
There are several judgements in assessing value in use that are set out below and there is a risk that the net impairment charge recorded is not supportable based on the assumptions used in the model. Cash flow forecasting, impairment modelling and assessing property values are all inherently judgemental. We have determined that there is potential fraud risk associated with the cash flow forecast assumptions used in the impairment model which could be manipulated by management to achieve a desired outcome.
The key assumptions applied by management, in the group's store-based asset impairment assessments are:

forecast short term cash flows, which include the stores sales assumptions and margin/contribution and store costs including staff payroll, general operating costs and the identification and allocation of a proportion of central overhead costs to stores; and
country-specific discount rates.

Other assumptions assessed as part of our audit procedures relating to the group store-based asset impairment include:

long-term growth rates; and
determining the vacant possession value of freehold properties.

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How the scope of our audit responded to the key audit matter	Our audit focused on whether store-based asset impairment charges in B&Q UK and the group's banners in France have been appropriately calculated in accordance with the requirements of IAS 36, '*Impairment of Assets*'. In doing so we carried out the following procedures: – obtained an understanding of the relevant controls in respect of the impairment reviews across the group and key review controls associated with the group's budgeting process, the impairment models and the determination of discount rates to be used in the models; – assessed the mechanical accuracy of the impairment models; – in addressing the fraud risk associated with these cash flow forecasts we challenged the key inputs into the value in use computation, namely forecast sales growth and margin by evaluating both past performance, our understanding of the group's strategic initiatives, benchmarking against external information and the rationale for future assumptions. We also assessed the level of past store performance to assess whether assumptions applied were appropriate at the store level; – assessed management's reconciliation of CGU-level cash flows to the board-approved three-year plan in order to test the allocation of those cash flows; – evaluated the discount rate and long-term growth rates applied by management against external economic data with the involvement of our valuation specialists; – considered the structure of the business to evaluate the identification and allocation of central overheads into store impairment models; – agreed the vacant possession value of freehold property to third party valuation reports and assessed the inputs and valuation methodology applied by involving our real estate specialists; and – assessed the appropriateness of the financial statements disclosures made.
Key observations	We are satisfied that the net impairment charge recorded in the year and the carrying value of store-based assets at the year-end within B&Q UK and the French banners are appropriate and that disclosures have been made in accordance with IFRS requirements.

5.2. Inventory provisioning

Key audit matter description	As at 31 January 2024, net inventory, after recognising relevant provisions, is £2,914 million (2022/23: £3,070 million) as disclosed in note 2 and 19 to the financial statements. Assessing the valuation of inventory, in accordance with IAS 2 '*Inventories*', requires significant judgement in estimating the net recoverable value of items held, as well as assessing which items may be slow-moving or obsolete and as a result may need providing for. We have determined the key audit matter to be specifically in relation to the judgements and methodology applied in determining the level of inventory provisioning required. Given the judgement required in determining this provisioning which relies on forward-looking information, and that the effects of changes in inventory provisioning could have a significant impact on gross profit and margin, we consider that there is potential fraud risk associated with this key audit matter.
How the scope of our audit responded to the key audit matter	Our audit focused on whether the valuation of year-end inventory was in accordance with IAS 2 '*Inventories*'. This included challenging the judgements taken regarding the obsolescence and net realisable value of inventory and the appropriateness of provisions for such items. In doing so we carried out the following procedures with respect to the recording of obsolescence and net realisable value of inventories: – obtained an understanding of relevant controls across the Group and banners relating to the level or provisioning; – assessing the Group's inventory provisioning policy, with specific consideration of its ongoing appropriateness in light of changes in the business and the macroeconomic environment, the risk profile of inventory and expected clearance activity; – verifying that the inputs used by Management to determine whether a provision is required or the value of the calculated provision, are correct. These inputs include recent sales prices and historical stock ageing; – recomputing the provisions recorded to verify that they are in line with Group policy and IAS 2. This was done in conjunction with our IT specialists for some components where a manual re-computation was not possible; and – a retrospective review of the provisioning judgements made in the prior period including an assessment of the level of inventory write-offs made in the 2023/24 period.
Key observations	The results of our audit work were satisfactory and we conclude that the level of inventory provisions is appropriate.

Independent auditors' report continued

6. Our application of materiality

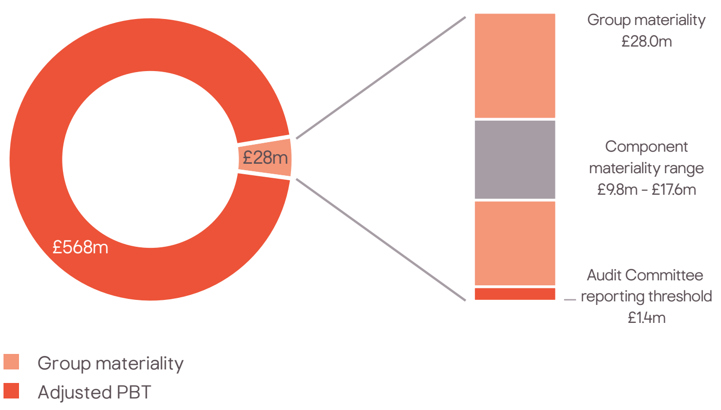
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£28 million (2022/23: £35 million)	£25 million (2022/23: £32 million)
Basis for determining materiality	Approximately 5% of adjusted profit before tax (2022/23: c.5%). Adjusting items are defined in note 2a with analysis included in note 6.	1% of net assets (2022/23: 0.6% of net assets) which has been capped at 90% of group materiality.
Rationale for the benchmark applied	We have determined materiality on a basis that is consistent with FY22/23. Adjusted profit before tax was selected as the basis of materiality because this is the primary measure by which stakeholders and the market assess performance of the group. We excluded adjusting items when determining the basis for materiality because the items, primarily relating to net impairment charges of assets, introduce significant volatility to results and do not form part of the underlying trading performance of the group.	The company is non-trading and contains the investments in all the trading components of the group.

Materiality



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022/23: 70%) of group materiality	70% (2022/23: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality for both group and the parent company, we considered the following factors: – Our risk assessment, including our assessment of the group's overall control environment; and – The nature, volume and size of misstatements (corrected and uncorrected) in the previous audit, which have not been significant.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.4 million (2022/23: £1.75 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

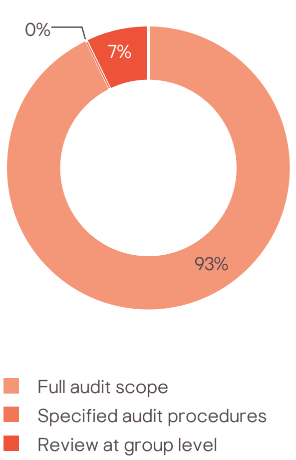
Our approach to scoping the group audit was to understand the group and its environment, including group-wide controls, and assess the risks of material misstatement at the group level. The group operates over 1,600 stores (2022/23: over 1,500 stores) in eight countries (2022/23: eight countries) across Europe.

We have focused our group audit scope primarily on significant trading entities and head office entities. In the prior year full scope audit procedures were performed over the following components: B&Q UK, Screwfix UK, Castorama France, Brico Dépôt France, Castorama Poland, and the parent company.

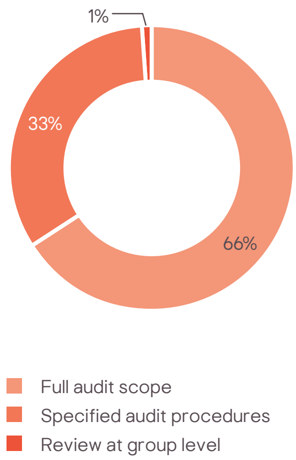
We have reviewed our audit scope in the current year with due consideration of the risk profile, control environment, the changes in the group structure and how much coverage we will obtain. As such we concluded that full scope audit procedures would continue to be performed for B&Q UK, Screwfix UK, Castorama France, Brico Dépôt France, Castorama Poland and the parent company. Kingfisher Information Technology Services UK, Brico Depot Romania and B&Q Properties were subject to specified audit procedures on prescribed balances associated with defined audit risks. All other entities were subject to analytical procedures at the group level. All financial reporting is managed by local finance functions with group oversight from the head office in London.

In scope entities include both full scope entities and entities subject to specified audit procedures. These entities account for 93% (2022/23: 94%) of the group's revenue, 99% (2022/23: 92%) of the group's profit before tax and 95% (2022/23: 89%) of the group's net assets.

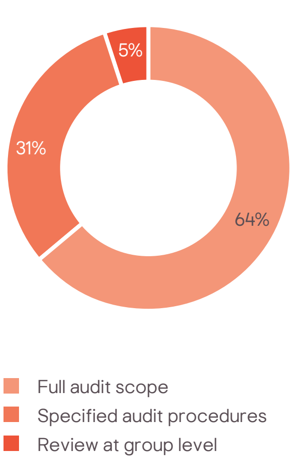
Revenue



Profit before tax



Net assets



7.2. Our consideration of the control environment

7.2.1. IT environment

We identified the main finance systems (SAP, CODA, HFM) and certain other systems including in-store transaction processing systems as the key IT systems relevant to our audit. SAP and CODA are enterprise resource planning systems used for day-to-day financial management at the banner level. HFM is a financial reporting system used internally to facilitate the reporting of financial information between the local and group finance teams. IT systems are primarily managed from the centralised Kingfisher IT Services function and therefore we involved a central IT audit team to evaluate the IT systems to support our audit.

We planned to rely on IT controls associated with SAP and CODA across certain full scope entities. We identified general IT controls relevant to the audit as well as specific IT controls that supported our controls reliance approach for certain business processes. Across the in-scope trading entities, IT controls were relied on to support audit work on the revenue, expenditure and inventory processes as detailed in Section 7.2.2.

In order to evaluate the operating effectiveness of IT controls, we performed walkthrough procedures to understand whether the purpose of the control was effectively designed to address the IT related risk and then performed testing of the control across the audit period, to determine whether the control had been consistently applied.

Our procedures enabled us to place reliance on IT controls, as planned, in the audit approach.

7.2.2. Controls reliance

We sought to adopt a controls reliance approach over the revenue, expenditure and inventory processes across all in scope trading entities.

Our ability to adopt a controls reliance approach relied on the evaluation of testing of the relevant controls in the above business processes throughout the year.

For components that were not subject to full scope audit procedures, we were not able or chose not to adopt a controls reliance approach in the business processes above, having given due consideration to the risk and controls profile of that component. This did not affect our ability to conclude in these areas at either the component or group level.

7.3. Our consideration of climate-related risks

As part of our audit we made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Climate change is included in the Group's principal risks (as set out on page 60-64. The group currently considers climate to have limited impact over its three year planning horizon (as stated on page 140) but has assessed that, without effective mitigation and adaptation, climate change solutions could have longer-term negative consequences for the group's strategy and trading operations.

Our procedures have also included the following:

- assessing management's risk assessment associated with climate change;
- assessing whether the risks identified by the group are complete and consistent with our understanding of the group;
- considering the impact of climate on the group's three year planning horizon and whether the cash flow forecasts used for the group's store-based asset impairment assessment, goodwill impairment assessment and going concern assessment appropriately include the impact of climate change on the business in the short-term;
- involving an Environmental, Social and Governance ('ESG') specialist to assist in evaluating whether appropriate disclosures have been made in the financial statements with reference to the Task Force on Climate-Related Financial Disclosures ('TCFD') requirements and climate related disclosures in the notes to the financial statements; and,
- reading the disclosures in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

We worked closely with the Deloitte component auditors to involve them in our planning procedures and also to maintain oversight throughout the audit process. We communicated our requirements of the component auditors regularly throughout the year and issued referral instructions formalising our requirements of the component teams. We held an internal group wide team meeting to discuss the planned audit approach and the risks within each component.

A senior member of the group audit team maintained regular contact with the component audit teams and discussed significant audit matters arising from the performance of local audit procedures. Periodic meetings with group and component management were held throughout the year to build on the understanding of the significant audit matters within components to inform our group audit approach.

The most significant components of the group are its retail businesses in the UK, France and Poland. As such, there was a high level of communication between these teams to ensure an appropriate level of group audit team involvement in the component audit work. Further, senior members of the group audit team completed in-person visits to the component audit teams and engaged with the component audit teams regarding matters affecting their audit which also included engagement and dialogue with local management teams.

For each of these most significant components, a senior member of the group audit team reviewed the component working papers, including key planning and reporting documents, the procedures performed to address group significant risks and the procedures performed to respond to other areas of focus and local significant risks, in order to satisfy ourselves that we had obtained sufficient appropriate audit evidence in response to the identified risks.

The group engagement partner and other senior members of the group audit team attended the audit close meeting of every component subject to a full scope audit. In performing the procedures detailed above the group audit team reviewed, considered and challenged the key matters relevant to our conclusion in relation to the group audit and assessed the impact on our group audit.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, financial instruments, pensions, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: impairment of store-based assets: B&Q UK and France (charges and reversals) and inventory provisioning. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, and UK and overseas tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK General Data Protection Regulations and Energy and Carbon regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified impairment of store-based assets: B&Q UK and France (charges and reversals) and inventory provisioning as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and other tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 67;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 65 – 66;
- the directors' statement on fair, balanced and understandable set out on page 80;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60-64;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 82-83; and
- the section describing the work of the audit committee set out on page 80-83.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 5 October 2009 to audit the financial statements for the year ending 31 January 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 15 years, covering the years ending 31 January 2010 to 31 January 2024.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Nicola Mitchell FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

24 March 2024

Consolidated income statement

Year ended 31 January 2024

£ millions	Notes	2023/24 Before adjusting items	2023/24 Adjusting items (note 6)	2023/24 Total	2022/23 Before adjusting items	2022/23 Adjusting items (note 6)	2022/23 Total
Sales	4	**12,980**	**–**	**12,980**	13,059	–	13,059
Cost of sales		**(8,204)**	**–**	**(8,204)**	(8,264)	–	(8,264)
Gross profit		**4,776**	**–**	**4,776**	4,795	–	4,795
Selling and distribution expenses		**(3,143)**	**(87)**	**(3,230)**	(3,087)	(136)	(3,223)
Administrative expenses		**(982)**	**(8)**	**(990)**	(868)	(12)	(880)
Other income		**23**	**2**	**25**	25	1	26
Share of post-tax results of joint ventures and associates	18	**(1)**	**–**	**(1)**	5	–	5
Operating profit	5	**673**	**(93)**	**580**	870	(147)	723
Finance costs		**(133)**	**–**	**(133)**	(129)	–	(129)
Finance income		**28**	**–**	**28**	17	–	17
Net finance costs	7	**(105)**	**–**	**(105)**	(112)	–	(112)
Profit before taxation	8	**568**	**(93)**	**475**	758	(147)	611
Income tax expense	10	**(153)**	**23**	**(130)**	(169)	29	(140)
Profit for the year		**415**	**(70)**	**345**	589	(118)	471

	Notes	2023/24	2022/23
Earnings per share	11		
Basic		**18.2p**	23.8p
Diluted		**18.0p**	23.5p
Adjusted basic		**21.9p**	29.7p
Adjusted diluted		**21.6p**	29.4p

The proposed dividend for the year ended 31 January 2024, subject to approval by shareholders at the Annual General Meeting, is 12.40p per share, comprising an interim dividend of 3.80p in respect of the six months ended 31 July 2023 and a final dividend of 8.60p.

Consolidated statement of comprehensive income

Year ended 31 January 2024

£ millions	Notes	2023/24	2022/23
Profit for the year		**345**	471
Remeasurements of post-employment benefits	28	**(42)**	(278)
Inventory cash flow hedges – fair value (losses)/gains		**(32)**	58
Tax on items that will not be reclassified		**28**	85
Total items that will not be reclassified subsequently to profit or loss		**(46)**	(135)
Currency translation differences			
Group		**(3)**	129
Joint ventures and associates		**(1)**	11
Transferred to income statement		**(2)**	–
Inventory cash flow hedges – losses/(gains) transferred to income statement		**12**	(5)
Tax on items that may be reclassified		**(2)**	–
Total items that may be reclassified subsequently to profit or loss		**4**	135
Other comprehensive expense for the year		**(42)**	–
Total comprehensive income for the year		**303**	471

Consolidated statement of changes in equity

Year ended 31 January 2024

£ millions	Notes	Share capital (note 29)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 30)	Total equity
								2023/24
At 1 February 2023		305	2,228	(22)	3,796	71	285	6,663
Profit for the year		–	–	–	345	–	–	345
Other comprehensive expense for the year		–	–	–	(20)	–	(22)	(42)
Total comprehensive income/(expense) for the year		–	–	–	325	–	(22)	303
Inventory cash flow hedges – losses transferred to inventories		–	–	–	–	–	33	33
Share-based compensation	31	–	–	–	22	–	–	22
New shares issued under share schemes		–	–	–	4	–	–	4
Own shares issued under share schemes		–	–	15	(15)	–	–	–
Purchase of own shares for cancellation	29	(11)	–	–	(153)	11	–	(153)
Purchase of own shares for ESOP trust		–	–	(24)	–	–	–	(24)
Dividends	12	–	–	–	(237)	–	–	(237)
Tax on equity items		–	–	–	(1)	–	(6)	(7)
At 31 January 2024		294	2,228	(31)	3,741	82	290	6,604

£ millions	Notes	Share capital (note 29)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 30)	Total equity
								2022/23
At 1 February 2022		325	2,228	(46)	4,025	50	196	6,778
Profit for the year		–	–	–	471	–	–	471
Other comprehensive (expense)/income for the year		–	–	–	(181)	–	181	–
Total comprehensive income for the year		–	–	–	290	–	181	471
Inventory cash flow hedges – gains transferred to inventories		–	–	–	–	–	(117)	(117)
Share-based compensation	31	–	–	–	19	–	–	19
New shares issued under share schemes		1	–	–	7	–	–	8
Own shares issued under share schemes		–	–	24	(24)	–	–	–
Purchase of own shares for cancellation	29	(21)	–	–	(275)	21	–	(275)
Dividends	12	–	–	–	(246)	–	–	(246)
Tax on equity items		–	–	–	–	–	25	25
At 31 January 2023		305	2,228	(22)	3,796	71	285	6,663

Consolidated balance sheet

At 31 January 2024

£ millions	Notes	2023/24	2022/23
Non-current assets			
Goodwill	13	**2,398**	2,408
Other intangible assets	14	**368**	371
Property, plant and equipment	15	**3,206**	3,205
Investment property	16	**27**	30
Right-of-use assets	17	**1,881**	1,947
Investments in joint ventures and associates	18	**19**	30
Post-employment benefits	28	**212**	251
Deferred tax assets	26	**10**	16
Other tax authority asset	35	**68**	64
Other receivables	20	**15**	19
		8,204	8,341
Current assets			
Inventories	19	**2,914**	3,070
Trade and other receivables	20	**344**	347
Derivative assets	24	**2**	16
Current tax assets		**73**	40
Cash and cash equivalents	21	**360**	286
Assets held for sale		**3**	3
		3,696	3,762
Total assets		**11,900**	12,103
Current liabilities			
Trade and other payables	22	**(2,445)**	(2,483)
Borrowings	23	**(7)**	(16)
Lease liabilities	33	**(366)**	(343)
Derivative liabilities	24	**(23)**	(47)
Current tax liabilities		**(12)**	–
Provisions	27	**(9)**	(10)
		(2,862)	(2,899)
Non-current liabilities			
Other payables	22	**(3)**	(4)
Borrowings	23	**(102)**	(102)
Lease liabilities	33	**(2,001)**	(2,101)
Derivative liabilities	24	**(1)**	(5)
Deferred tax liabilities	26	**(207)**	(205)
Provisions	27	**(7)**	(10)
Post-employment benefits	28	**(113)**	(114)
		(2,434)	(2,541)
Total liabilities		**(5,296)**	(5,440)
Net assets	5	**6,604**	6,663
Equity			
Share capital	29	**294**	305
Share premium		**2,228**	2,228
Own shares held in ESOP trust		**(31)**	(22)
Retained earnings		**3,741**	3,796
Capital redemption reserve		**82**	71
Other reserves	30	**290**	285
Total equity		**6,604**	6,663

The financial statements were approved by the Board of Directors on 24 March 2024 and signed on its behalf by:

Thierry Garnier
Chief Executive Officer

Bernard Bot
Chief Financial Officer

Consolidated cash flow statement

Year ended 31 January 2024

£ millions	Notes	2023/24	2022/23
Operating activities			
Cash generated by operations	32	**1,438**	984
Income tax paid		**(117)**	(130)
French tax authority payment		**–**	(34)
Net cash flows from operating activities		**1,321**	820
Investing activities			
Purchase of property, plant and equipment and intangible assets	5	**(363)**	(449)
Disposal of property, plant and equipment, intangible assets, and assets held for sale		**2**	2
Purchase of businesses		**(3)**	–
Disposal of subsidiaries and associates		**9**	8
Interest received		**16**	5
Interest element of lease rental receipts		**1**	1
Principal element of lease rental receipts		**3**	3
Advance payments on right-of-use assets		**(4)**	(7)
Advance receipts on right-of-use assets		**–**	2
Dividends received from joint ventures and associates		**–**	3
Net cash flows used in investing activities		**(339)**	(432)
Financing activities			
Interest paid		**(7)**	(5)
Interest element of lease rental payments		**(126)**	(124)
Principal element of lease rental payments		**(348)**	(329)
Issue of fixed term debt		**–**	99
New shares issued under share schemes		**4**	8
Purchase of own shares for cancellation		**(160)**	(337)
Purchase of own shares for ESOP trust		**(24)**	(9)
Ordinary dividends paid to equity shareholders of the Company	12	**(237)**	(246)
Net cash flows used in financing activities		**(898)**	(943)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**84**	(555)
Cash and cash equivalents and bank overdrafts at beginning of year		**270**	809
Exchange differences		**(1)**	16
Cash and cash equivalents and bank overdrafts at end of year	33	**353**	270

Notes to the consolidated financial statements

1 General information

Kingfisher plc ('the Company'), its subsidiaries, joint ventures and associates (together 'the Group') supply home improvement products and services through a network of retail stores and other channels, located mainly in the United Kingdom and continental Europe. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 67.

The Company is incorporated in England and Wales, United Kingdom, and is listed on the London Stock Exchange. The address of its registered office is One Paddington Square, London, W2 1GG. A full list of related undertakings of the Company and their registered offices is given in note 14 of the Company's separate financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2024.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

a. Basis of preparation

The consolidated financial statements of the Company, its subsidiaries, joint ventures and associates are made up to 31 January, except as disclosed in note 18 of the consolidated financial statements. The current financial year is the year ended 31 January 2024 ('the year' or '2023/24'). The comparative financial year is the year ended 31 January 2023 ('the prior year' or '2022/23'). The consolidated income statement and related notes represent results from continuing operations, there being no discontinued operations in the years presented.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) as issued by the IASB.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post-employment benefits. A summary of the Group's principal accounting policies is set out below.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving critical accounting judgements and key estimation uncertainties, which are significant to the consolidated financial statements, are outlined in note 3.

Going concern

Based on the Group's liquidity position and cash flow projections, including a forward looking remote downside scenario, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the year ended 31 January 2024.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 67. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 48 to 54. The principal risks and viability statement of the Group are set out on pages 59 to 66. In addition, note 25 includes the Group's financial risk management objectives and exposures to liquidity and other financial risks. The Directors have considered these areas alongside the principal risks and how they may impact the going concern assessment.

As of 31 January 2024, Kingfisher had access to over £900m of liquidity, comprising cash and cash equivalents (net of bank overdrafts) of £353m and access to an undrawn Revolving Credit Facility (RCF) of £550m (of which £46m expires at the end of May 2025, with the balance expiring at the end May 2026). The ratio of net debt to EBITDA was 1.6 as of 31 January 2024.

In considering whether the Group's financial statements can be prepared on a going concern basis, the Directors have reviewed the Group's business activities together with factors likely to affect its performance, financial position and access to liquidity (including consideration of financial covenants and credit ratings).

The terms of the RCF require that the ratio of Group operating profit (excluding adjusting items) to net interest payable (excluding interest on lease liabilities) must be no less than 3:1 for the preceding 12 months as at the half and full year-ends. As of 31 January 2024, Kingfisher was compliant with this requirement.

In forming their outlook on the future financial performance, the Directors considered the risk of higher business volatility and the potential negative impact of the general economic environment on household and trade spend.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

The Directors' review also included consideration of a remote scenario that models the impact of a significant demand or supply shock preventing the Group from realising a large part of its sales over the period of a month, followed by subdued demand for the remainder of the year. The total loss of sales in this scenario is c.£1.5bn (12% over the impacted period). The scenario assumes the impact of lost sales is partially offset by a limited set of mitigating actions on variable and discretionary costs, capital expenditure and the suspension of capital returns to shareholders. Even under this remote scenario, which requires drawing on the RCF for a few months, the Group retains headroom on its credit facilities.

Given current trading and expectations for the business, the Directors believe that this scenario reflects a remote outcome for the Group. Should a more extreme scenario occur than currently modelled by the Directors under this remote scenario, the Group would need to implement additional operational or financial measures.

Changes to accounting policies as a result of new standards issued and effective

The following new or amended accounting standards are in issue and effective for the current reporting period:

- IFRS 17 (including the June 2020 Amendments to IFRS 17) – Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 – Definition of Accounting Estimates

The above new or amended accounting standards did not have a material impact on the consolidated financial statements.

Standards issued but not yet effective

At the date of the approval of these financial statements, the following standards which have not been applied in these financial statements were in issue, but not yet effective:

- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures
- Amendments to IAS 21 – Lack of Exchangeability

These new standards are not expected to have a material impact on the consolidated financial statements.

Risks and uncertainties

The principal risks and uncertainties to which the Group is exposed are set out in the Strategic Report on pages 59 to 64.

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles ('GAAP') under which the Group reports. Kingfisher believes that retail profit, adjusted pre-tax profit, adjusted effective tax rate, and adjusted earnings per share provide additional useful information on performance and trends to shareholders. These and other non-GAAP measures (also known as 'Alternative Performance Measures'), such as net debt, are used by Kingfisher for internal performance analysis and incentive compensation arrangements for employees. The terms 'retail profit', 'adjusting items', 'adjusted', 'adjusted effective tax rate', 'net cash flow' and 'net debt' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

Retail profit is defined as continuing operating profit before central costs, the Group's share of interest and tax of joint ventures and associates and adjusting items. Central costs principally comprise the costs of the Group's head office before adjusting items.

Adjusting items, which are presented separately within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Group's ongoing trading performance. Adjusting items may include, but are not limited to:

- non-trading items included in operating profit such as profits and losses on the disposal, closure, exit or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's ongoing trading activities;
- the costs of significant restructuring and incremental acquisition integration costs;
- profits and losses on the disposal/exit of properties, impairments of goodwill and significant impairments (or impairment reversals) of other non-current assets;
- prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items;
- financing fair value remeasurements i.e. changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value (or non-designated) hedge relationships. Financing derivatives are those that relate to hedged items of a financing nature.

The term 'adjusted' refers to the relevant measure being reported for continuing operations excluding adjusting items.

The adjusted effective tax rate is calculated as continuing income tax expense excluding prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items, divided by continuing profit before taxation excluding adjusting items. Prior year tax items represent income statement tax relating to underlying items originally arising in prior years, including the impact of changes in tax rates on deferred tax. The exclusion of items relating to prior years, and those not in the ordinary course of business, helps provide a better indication of the Group's ongoing rate of tax.

Net debt comprises lease liabilities, borrowings and financing derivatives (excluding accrued interest) less cash and cash equivalents and short-term deposits, including such balances classified as held for sale.

Refer to the Financial Review for definitions of all of the Group's Alternative Performance Measures, including further information on why they are used and details of where reconciliations to statutory measures can be found where applicable.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries, joint ventures and associates.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries acquired are recorded under the acquisition method of accounting and their results included from the date of acquisition.

The results of subsidiaries which have been disposed are included up to the effective date of disposal.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of acquired subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Joint ventures and associates

Joint ventures are entities over which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The equity method is used to account for the Group's investments in joint ventures.

Associates are entities over which the Group has the ability to exercise significant influence but not control or joint control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. The equity method is used to account for the Group's investments in associates.

Under the equity method, investments are initially recognised at cost. The Group's share of post-acquisition profits or losses is recognised in the income statement within operating profit, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest, including any other long-term receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The equity method of accounting is discontinued from the date an investment ceases to be a joint venture or associate, that is the date on which the Group ceases to have joint control or significant influence over the investee or on the date it is classified as held for sale.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

In March 2022, the three-year cumulative inflation in Turkey exceeded 100% and as a result, hyperinflationary accounting was applied for the years ended 31 January 2023 and 31 January 2024 in respect of the Group's joint venture in Turkey.

The Group's consolidated financial statements include the equity accounted results and financial position of its Turkish joint venture restated to the current purchasing power as at the year-end date, with hyperinflationary gains and losses in respect of monetary items being reported in operating profit. Prior year comparatives are not restated. Both the joint venture investment and results are translated at the rate of exchange at the balance sheet date.

c. Foreign currencies

(i) Presentation and functional currencies

The consolidated financial statements are presented in Sterling, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. its functional currency).

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction or, for practical reasons, at average monthly rates where exchange rates do not fluctuate significantly.

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange at the balance sheet date. Exchange differences on monetary items are taken to the income statement. Exceptions to this are where the monetary items form part of the net investment in a foreign operation or are designated and effective net investment hedges. Such exchange differences are initially deferred in equity.

(iii) Group companies

The balance sheets of overseas subsidiaries are expressed in Sterling at the rates of exchange at the balance sheet date. Profits and losses of overseas subsidiaries are expressed in Sterling at average exchange rates for the period. Exchange differences arising on the retranslation of foreign operations, including joint ventures and associates, are recognised in a separate component of equity.

On consolidation, exchange differences arising from the retranslation of the net investment in foreign entities, and of borrowings, lease liabilities and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences recorded since 1 February 2004 (being the date of transition to IFRS) are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange at the balance sheet date. Goodwill arising prior to 1 February 2004 is denominated in Sterling, and not subsequently retranslated.

(iv) Principal rates of exchange against Sterling

	2023/24		2022/23	
	Average rate	**Year end rate**	Average rate	Year end rate
Euro	**1.15**	**1.17**	1.17	1.13
US Dollar	**1.25**	**1.27**	1.23	1.23
Polish Zloty	**5.20**	**5.08**	5.48	5.34
Romanian Leu	**5.71**	**5.83**	5.76	5.58
Turkish Lira[1]	**38.64**	**38.64**	23.18	23.18

1. The Turkish Lira average exchange rates represent the closing rates for the year, due to the application of hyperinflation accounting in Turkey.

d. Revenue recognition

Sales represent the supply of home improvement products and services, including commission from sales of third-party products through Kingfisher websites (i.e. 'marketplace' arrangements). Sales exclude transactions made between companies within the Group, Value Added Tax, other sales-related taxes and are net of returns, trade and staff discounts.

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from in-store product sales is recognised when the customer takes possession of the products (i.e. on payment). Revenue from online 'click & collect' product sales is recognised on collection of the products. Where customers have a right to return purchased goods in exchange for a refund, a liability for returns is recognised based on historic trends and offset against revenue in the period in which the sale was made. An asset (with a corresponding adjustment to cost of sales) is also recognised for goods expected to be returned from customers. Where award credits such as vouchers or loyalty points are provided as part of the sales transaction, the amount allocated to the credits is deferred and recognised when the credits are redeemed and the Group fulfils its obligations to supply the awards.

Revenue from sales of delivered products is recognised on delivery. Supply of delivered products is judged to be one single performance obligation.

Service sales typically comprise kitchen and bathroom installations. Revenue from these services is recognised on completion of the relevant installation.

Commission revenue is earned from the sale of third-party products through Kingfisher websites. This is referred to as a marketplace arrangement. Kingfisher acts as an agent in such arrangements and recognises the net commission receivable within sales, generally when an order is placed.

Sales from delivered products, installation services and marketplace arrangements represent only a small component of the Group's sales as the majority relates to in-store and online 'click & collect' purchases of products.

Other income includes external rental income and gains on disposal of assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

e. Rebates

Rebates received from suppliers mainly comprise volume related rebates on the purchase of inventories. Contractual volume related rebates are accrued as units are purchased based on the percentage rebate applicable to forecast total purchases over the rebate period, where it is probable the rebates will be received and the amounts can be estimated reliably. Discretionary rebates are not anticipated and only recognised once earned. Rebates relating to inventories purchased but still held at the balance sheet date are deducted from the carrying value so that the cost of inventories is recorded net of applicable rebates. Such rebates are credited to the cost of sales line in the income statement when the goods are sold.

Other rebates received, such as those related to advertising and marketing, including retail media income from suppliers, are credited to cost of sales in the income statement when the relevant conditions have been fulfilled.

f. Dividends

Interim dividends are recognised when they are paid to the Company's shareholders. Final dividends are recognised when they are approved by the Company's shareholders.

g. Intangible assets

(i) Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised. Such benefits include future synergies expected from the combination and intangible assets not meeting the criteria for separate recognition.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised and is tested annually for impairment at country level (except for NeedHelp), representing the lowest level at which it is monitored for internal management purposes, by assessing the recoverable amount of each cash generating unit or groups of cash generating units to which the goodwill relates. The recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows ('value-in-use') or fair value less costs to sell if higher. The pre-tax discount rates are derived from the Group's weighted average cost of capital, taking into account the cost of equity and debt, to which specific market-related premium adjustments are made for each country in which the cash generating unit ('CGU') operates. Long-term growth rates are derived from external long-term inflation forecasts for the territories in which the businesses operate. When the recoverable amount of the goodwill is less than its carrying amount, an impairment loss is recognised immediately in the income statement which cannot subsequently be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Where software is not an integral part of a related item of computer hardware, it is classified as an intangible asset. Costs that are directly associated with the acquisition or production of identifiable software products controlled by the Group, which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Capitalised costs include those of software licences and development, including costs of employees, consultants and an appropriate portion of relevant overheads.

Costs related to the configuration and customisation in cloud computing arrangements, where they do not give the Group power to control the future economic benefits and to restrict access of others to those benefits, are not capitalised as they do not meet the definition of intangible benefits under IAS 38. Such costs are expensed as incurred. Configuration and customisation in cloud computing arrangements are only capitalised where a separate asset is created and capitalisable under IAS 38.

Costs associated with identifying, sourcing, evaluating or maintaining computer software are recognised as an expense as incurred.

Software under development is held at cost less any provisions for impairment, with impairment reviews being performed annually, or when there is an indication of impairment.

Amortisation commences when the software assets are available for use and is over their estimated useful lives of two to ten years.

h. Property, plant and equipment

(i) Cost

Property, plant and equipment held for use in the business are carried at cost less accumulated depreciation and any provisions for impairment.

Properties that were held at 1 February 2004 are carried at deemed cost, being the fair value of land and buildings as at the transition date to IFRS. All property acquired after 1 February 2004 is carried at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is provided to reflect a straight-line reduction from cost to estimated residual value over the estimated useful life of the asset as follows:

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Freehold land	– not depreciated
Freehold buildings	– over remaining useful life
Leasehold improvements	– over remaining period of the lease
Fixtures and fittings	– between 4 and 20 years
Computers and electronic equipment	– between 3 and 5 years
Motor cars	– 4 years
Commercial vehicles	– between 3 and 10 years

(iii) Impairment
At each reporting date an assessment is performed as to whether there are any indicators that property, plant and equipment, including the Group's stores, may be impaired or whether there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. Should such indicators exist, the assets' recoverable amounts are subsequently estimated. For store impairment testing, each individual store is determined to be a cash generating unit. The recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows ('value-in-use') of the relevant cash generating unit or fair value less costs to sell if higher. A vacant possession valuation basis is used to approximate the fair value less costs to sell. The pre-tax discount rates are derived from the Group's weighted average cost of capital, taking into account the cost of equity and debt, to which specific market-related premium adjustments are made for each country. Long-term growth rates are derived from external long-term inflation forecasts for the territories in which the businesses operate. Any impairment or impairment reversal is charged or credited to the income statement in the period in which it occurs.

(iv) Disposal
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement. Sales of land and buildings are accounted for when there is an unconditional exchange of contracts.

(v) Subsequent costs
Subsequent costs are included in the related asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

i. Leased assets

The Group assesses whether a contract is or contains a lease at inception of the contract. Typically, lease contracts relate to properties such as stores and distribution centres, and equipment leases such as mechanical handling equipment and vehicles. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The liability is initially measured as the present value of the lease payments not yet paid at the commencement date, discounted at an appropriate discount rate. Where the implicit rate in the lease is not readily determinable, an incremental borrowing rate is calculated and applied. The calculation methodology is based upon applying a financing spread to a risk-free rate, with the resulting rate including the effect of the creditworthiness of the operating company in which the lease is contracted, as well as the underlying term, currency and start date of the lease agreement.

Lease payments used in the measurement of the lease liability principally comprise fixed lease payments (subject to indexation/rent reviews) less any incentives. The lease liability is subsequently measured using an effective interest method whereby the carrying amount of the lease liability is measured on an amortised cost basis, and the interest expense is allocated over the lease term. The lease term comprises the non-cancellable lease term, in addition to optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever an event occurs that changes the term or payment profile of a lease, such as the renewal of an existing lease, the exercise of lease term options, market rent reviews and indexation. A lease liability which is denominated in a currency that is not the functional currency of the relevant Group entity (e.g. a Euro-denominated lease in Castorama Poland) is translated into that entity's functional currency with foreign exchange gains and losses recorded in the income statement, unless the lease liability is designated as a net investment hedge with foreign exchange gains and losses recorded in other comprehensive income.

The right-of-use assets are initially measured at the amount equal to the lease liability, adjusted by any upfront lease payments or incentives and any initial direct costs incurred. Subsequently, the assets are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the remaining lease term.

Lessor accounting

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

j. Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation. Investment properties are carried at cost less depreciation and provision for impairment. Depreciation is provided on a consistent basis with that applied to property, plant and equipment.

k. Capitalisation of borrowing costs

Interest on borrowings to finance the construction of properties held as non-current assets is capitalised from the date work starts on the property to the date when substantially all the activities which are necessary to get the property ready for use are complete. Where construction is completed in parts, each part is considered separately when capitalising interest. Interest is capitalised before any allowance for tax relief.

l. Inventories

Inventories are carried at the lower of cost and net realisable value, on a weighted average cost basis.

Trade discounts and rebates received are deducted in determining the cost of purchase of inventories. Cost includes appropriate attributable overheads and direct expenditure incurred in the normal course of business in bringing goods to their present location and condition. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Write downs to net realisable value are made for slow moving, display, damaged or obsolete items and other events or conditions resulting in expected selling prices being lower than cost. The carrying value of inventories reflects known and expected losses of product in the ordinary course of business.

m. Employee benefits

(i) Post-employment benefits

The Group operates various defined benefit and defined contribution pension schemes for its employees, some of which are required by local legislation. A defined benefit scheme is a pension scheme which defines an amount of pension benefit which an employee will receive on retirement. A defined contribution scheme is a pension scheme under which the Group usually pays fixed contributions into a separate entity. In all cases other than some of the legally required schemes, a separate fund is being accumulated to meet the accruing liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies and are entirely separate from the Group's assets.

The asset or liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of scheme assets less the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of comprehensive income as they arise.

For defined contribution schemes, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(ii) Share-based compensation

The Group operates several equity-settled, share-based compensation schemes. The fair value of the employee services received in exchange for the grant of options or deferred shares is recognised as an expense and is calculated using Black-Scholes and stochastic models. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or deferred shares granted, excluding the impact of any non-market vesting conditions. The value of the charge is adjusted to reflect expected and actual levels of options vesting due to non-market vesting conditions.

n. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

The Group is subject to income taxes in numerous jurisdictions and there are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. For uncertain tax positions, on the basis that tax authorities have full knowledge of the relevant information it is determined whether it is probable that, in aggregate, an outflow of economic resources will occur following investigation. The potential impact of the relevant tax authority's examination of the uncertain tax positions is measured to make the best estimate of the amount of the tax benefit that may be lost, for which liabilities are then recorded. Where the final outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made. These adjustments in respect of prior years are recorded in the income statement, or directly in equity, as appropriate.

2 Principal accounting policies continued

Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense which are taxable or deductible in other years or which are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill in a business combination. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are calculated using tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised.

Current and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited to other comprehensive income or directly to equity, in which case the current or deferred tax is also recognised in other comprehensive income or directly in equity.

Current and deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

Operating levies, such as certain revenue, property and payroll-based taxes, are not treated as income tax and are included within operating profit. The timing of recognition of a liability to pay an operating levy is determined by the event identified under the relevant legislation that triggers the obligation to pay the levy.

o. Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A provision is recorded if the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the net cost of exiting the contract.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Credits or charges arising from changes in the rate used to discount the provisions are recognised within net finance costs.

Contingent liabilities are possible obligations arising from past events, whose existence will only be confirmed by future uncertain events that are not wholly within the Group's control, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be reliably measured. If the outflow of economic resources is not considered remote, contingent liabilities are disclosed but not recognised in the financial statements.

p. Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group has substantially transferred the risks and rewards of ownership. Financial liabilities (or a part of a financial liability) are derecognised when the obligation specified in the contract is discharged or cancelled or expires or are substantially modified.

Financial assets and liabilities are offset only when the Group has a currently enforceable legal right to set-off the respective recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, uncleared credit card receipts, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. For cash flow statement reporting purposes, the Group considers bank overdrafts as part of cash and cash equivalents because they are repayable on demand and form part of the Group's cash management.

(ii) Borrowings

Interest bearing borrowings are recorded at fair value (which is typically equivalent to the proceeds received) net of direct issue costs and subsequently measured at amortised cost. Where borrowings are in designated and effective fair value hedge relationships, adjustments are made to their carrying amounts to reflect the hedged risks. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are amortised to the income statement using the effective interest method.

(iii) Trade receivables
Trade receivables are initially recognised at their transaction price and are subsequently measured at amortised cost less any allowance for expected credit losses. To measure the expected credit losses, trade receivables are grouped based on the days past due. Trade receivables are written off when there is no reasonable expectation of recovery.

(iv) Trade payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

(v) Derivatives and hedge accounting
Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently carried at fair value.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Where hedge accounting is not applied, or to the extent to which it is not effective, changes in the fair value of derivatives are recognised in the income statement as they arise. Changes in the fair value of derivatives transacted as hedges of operating items and financing items are recognised in operating profit and net finance costs respectively.

The accounting treatment of derivatives and other financial instruments classified as hedges depends on their designation, which occurs at the start of the hedge relationship. The Group designates certain financial instruments as:

– a hedge of the fair value of an asset or liability or unrecognised firm commitment ('fair value hedge');
– a hedge of a highly probable forecast transaction or firm commitment if foreign currency risk is hedged ('cash flow hedge'); or
– a hedge of a net investment in a foreign operation ('net investment hedge').

Fair value hedges
For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry being recorded in the income statement. Gains or losses from remeasuring the corresponding hedging instrument are recognised in the same line of the income statement.

Cash flow hedges
Changes in the effective portion of the fair value of derivatives that are designated as hedges of future cash flows are recognised directly in other comprehensive income, with any ineffective portion being recognised immediately in the income statement where relevant. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time it is recognised, the associated gains or losses on the derivative that had previously been deferred in equity are included in the initial measurement of the non-financial asset or liability. For all other hedges, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Net investment hedges
Where the Group hedges net investments in foreign operations through foreign currency borrowings or lease liabilities, the gains or losses on retranslation are recognised in other comprehensive income. If the Group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in other comprehensive income, with any ineffective portion being recognised immediately in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign operation.

In order to qualify for hedge accounting, the Group documents in advance the risk management objective and strategy for undertaking the hedge and the relationship between the item being hedged and the hedging instrument. The Group also documents and demonstrates an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis and provides an analysis of the sources of hedge ineffectiveness. The effectiveness testing is performed at half year and year end or upon a significant change in circumstances affecting the hedge effectiveness requirements.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument is retained in equity until the highly probable forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss deferred in equity is transferred to the income statement.

q. Assets and liabilities held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

Notes to the consolidated financial statements continued

2 Principal accounting policies continued

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. This excludes financial assets, deferred tax assets and assets arising from employee benefits, which are measured according to the relevant accounting policy.

Property, plant and equipment, right-of-use assets and intangible assets are not depreciated once classified as held for sale. The Group ceases to use the equity method of accounting from the date on which an interest in a joint venture or an interest in an associate becomes classified as held for sale.

r. Share repurchases

Shares purchased for cancellation are deducted from retained earnings. The Group uses irrevocable closed period buyback programmes. A liability to purchase shares is recognised at inception of the programme with any subsequent reduction in the obligation credited back to retained earnings at the end of the programme. Share capital is reduced and credited to the capital redemption reserve once shares are cancelled, maintaining non-distributable reserves.

s. Reserves

The following describes the nature and purpose of each reserve within equity:

(i) Share capital

The nominal value of proceeds received for shares issued.

(ii) Share premium

Proceeds received in excess of the nominal value of shares issued, net of any transaction costs.

(iii) Own shares held

Shares held by The Employee Share Ownership Plan Trust.

(iv) Capital redemption reserve

Amounts transferred from share capital on repurchase of issued shares.

(v) Other reserves, comprising:

- Translation reserve – Gains or losses arising on retranslating the net assets of overseas operations into the Group's presentation currency including gains or losses on net investment hedges.
- Cash flow hedge reserve – Cumulative gains and losses on 'effective' hedging instruments.
- Other – Represents the premium on the issue of convertible loan stock in 1993 and the merger reserve relating to the acquisition of Darty in 1993.

(vi) Retained earnings

All other net gains and losses and transactions with owners that are not recognised elsewhere.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The significant judgements applied in the preparation of the financial statements, along with estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Key sources of estimation uncertainty

Inventories

The carrying amount of inventories recognised on the balance sheet, which are carried at the lower of cost and net realisable value, are subject to estimates around rates of provision applied to certain inventory items. The level of provisions recorded are subject to estimation uncertainty in determining the eventual sales price of goods to customers in the future, as well as assessing which items may be slow-moving or obsolete. This is impacted by factors such as stock turn, range or delisted status, shrinkage, damage, obsolescence and range review activity.

Range reviews and resulting clearance activity adds additional complexity to assessing the level of inventory that may become obsolete and the expected net realisable value of inventory which will be sold.

The carrying amount of inventories subject to estimation uncertainty is £2,914m (2022/23: £3,070m). A 1% increase in the provision as a percentage of gross inventory (before provisions and a deduction for rebates), which based on management's judgement represents a reasonably possible change, would result in a £32m decrease in the carrying amount of inventories (2022/23: £33m).

The quantity, age and condition of inventories are regularly measured and assessed as part of range reviews and inventory counts undertaken throughout the year and across the Group.

Impairment of store based assets

The Group applies procedures to ensure that its assets are carried at no more than their recoverable amount. These procedures, by their nature, require estimates and assumptions to be made. The most significant are set out below.

Store assets are reviewed for impairment if events or changes in circumstances indicate that their carrying amount may not be recoverable, or where there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined as the higher of fair value less costs to sell and value-in-use.

The determination of value-in-use for store assets requires the estimation of future cash flows expected to arise from the continuing operation of the store and the determination of suitable discount and long-term growth rates in order to calculate the present value of the forecast cash flows. Judgement is also required around the nature and level of overheads that are necessarily incurred to generate cash inflows in the context of allocation to individual store cash generating units. Note that the estimation of future cash flows and determination of suitable discount rates requires a greater level of judgement than the determination of long-term growth rates.

Sales projections take into consideration both external factors such as market expectations, and internal factors such as trading plans. For certain stores, they assume sales increases that are higher than recent experience and market growth expectations, driven by an improved and differentiated offer. Assumed margin percentage improvements reflect increased sales of the Group's own exclusive brands (OEB) as well as lower cost of sales from leveraging our key vendors, and better clearance management. Higher assumed operating profit percentages reflect operational leverage from increased sales as well as cost savings through operational efficiencies, including more efficient organisation and leveraging our goods not for resale (GNFR) spend. Actual outcomes could vary significantly from these estimates and sensitivity analyses are undertaken to assess the impact of projected benefits not being realised.

The pre-tax discount rates applied to the cash flow forecasts are derived from the post-tax weighted average cost of capital for each of the territories in which the Group operates. The assumptions used in the calculation of the weighted average cost of capital are based on observable external market data.

Cash flows beyond the period of the strategic plans are calculated using a long-term growth rate based on inflation expectations which does not exceed the long-term average growth rates for the countries in which the Group's stores operate.

As a result of this review, the Group has recorded net store asset impairment charges of £76m (2022/23: £139m net charges) as adjusting items, principally relating to revised financial projections.

The following changes in assumptions, which based on the Group's previous experience and management's judgement represent reasonably possible changes, would lead to the following impacts on the net impairment charge:

Assumption	Change in assumption	Impact on net impairment charge
Operating cash flows	– Decrease by 10%	Increase by £49m
	– Increase by 10%	Decrease by £38m
Post-tax discount rate	– Increase by 1%	Increase by £42m
	– Decrease by 1%	Decrease by £38m

Further information relating to store assets is provided in notes 15 and 17.

Post-employment benefits

The present value of the defined benefit liabilities recognised on the balance sheet is dependent on a number of market rates and assumptions including interest rates of high-quality corporate bonds, inflation and mortality rates. The net interest expense or income is dependent on the interest rates of high-quality corporate bonds and the net deficit or surplus position. The market rates and assumptions are based on the conditions at the time and changes in these can lead to significant movements in the estimated obligations. During the year, changes in financial and demographic assumptions have resulted in a decrease in defined benefit liabilities of £188m (2022/23: £991m decrease). To help the reader understand the impact of changes in the key market rates and assumptions, a sensitivity analysis is provided in note 28.

Critical accounting judgements

Adjusting items

The Group separately reports adjusting items in order to calculate adjusted results, as it believes these adjusted measures provide additional useful information on continuing performance and trends to shareholders.

Judgement is required in determining whether an item should be classified as an adjusting item or included within adjusted results.

The Group's definition of adjusting items is outlined in note 2 (a). During the year the Group has recorded, before taxation, a charge for adjusting items of £93m (2022/23: £147m charge). Total adjusting items after taxation were a charge of £70m (2022/23: £118m charge). Refer to note 6 for further information on adjusting items.

Income taxes

The Group is subject to income taxes in numerous jurisdictions in which it operates and there are many transactions for which the ultimate tax determination is open to differing interpretations during the ordinary course of business. Significant judgement may therefore be required in determining the liability for income taxes in each of these territories. Where it is anticipated that additional taxes are probable, the Group recognises liabilities for the estimate of any potential exposure. These judgements are continually reassessed, and where the final outcome of these matters is different from the initially recorded amount, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made. These adjustments in respect of prior years are recorded in the income statement, or directly in other comprehensive income as appropriate, and are disclosed in the notes to the accounts. Refer to notes 10 and 26.

Notes to the consolidated financial statements continued

3 Critical accounting judgements and key sources of estimation uncertainty continued

Judgement has continued to be required in determining the outcome of the European Commission's state aid investigation into the Group Financing Exemption section of the UK controlled foreign company rules. In January 2021, the Group received a charging notice from HM Revenue & Customs (HMRC) for £57m, which was paid in February 2021, with a further £7m interest paid in April 2021.

The UK Government and the Group, along with other UK-based multinational groups, appealed the European Commission decision to the European Courts. On 8 June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. This decision has been appealed to the European Court of Justice and the hearing took place on 10 January 2024. The Advocate General's opinion is expected on 11 April 2024 and the final decision will follow after that, the date of which is not known.

The final impact on the Group remains uncertain but based upon advice taken, the Group considers that the amount paid of £64m plus accrued interest of £4m, which is included in non-current assets, will ultimately be recovered. Further details are provided in note 35.

Consideration of climate-related matters

In preparing these financial statements, the Group has considered the inclusion of climate change as a 'principal risk' and the potential impacts of climate change on these financials. The rationale for this being included as a principal risk is included in the risks section pages 59 to 64. Climate scenario analysis has been performed and is set out in the TCFD disclosures on pages 28 to 46. The financial impacts of these scenarios, once mitigating actions and opportunities are taken into account over the respective time horizons, are expected to be less than the results of the Group's impairment sensitivity analysis on operating cash flows (see impairment of store based assets above).

The potential impacts of climate change on the financials have been considered in the following areas:

- Carrying value and remaining useful economic lives of property, plant and equipment;
- Carrying value of inventories and valuations of other assets and of provisions;
- Viability statement assessment of the Group over the next three years; and
- Cash flow forecasts used for the purposes of impairment assessments of store based assets and goodwill.

To support our net zero ambitions, the Group continues to invest in more sustainable fixed assets. The Group has not recognised any impairments or significant levels of accelerated depreciation to existing fixed assets in the year resulting from such actual and planned investments (i.e. due to a reduction in recoverable amounts or expected remaining lives). Current assets including trade receivables and inventories at the balance sheet date are expected to be received and utilised respectively within a short timeframe, and therefore no climate-related risks have been identified for these balances, whilst the Group is not currently aware of adverse exposures from climate-change requiring provisions to be recognised.

The Group's internal three-year financial plans act as the basis for the Viability Statement financial modelling and for impairment reviews of non-current assets including store-based assets and goodwill. They include consideration of climate-related risks and opportunities expected within this internal financial planning time horizon. Within this modelling, cash flow sensitivities are performed, for which the most severe scenario in the Viability Statement estimates the impact of a demand or supply shock preventing the Group from realising a large part of its sales during the peak trading period. The shock, as described in the Viability Statement on pages 65 to 66, would go far beyond the expected short-term impact from a remote climate-driven extreme weather event, such as severe flooding and the resulting damage to one of the group's distribution centres or network.

The financial modelling of climate change scenarios performed by an external party, as described in the TCFD disclosure on pages 28 to 46, identified the ten-year consumer preference risk as having the largest gross adverse impact (before mitigating actions) on the Group's discounted cash flows. Given this is a gross and longer-term risk, before mitigating action and opportunities, it is not deemed reasonably possible for it to have an impact above 10%, which is the sensitivity performed for store asset impairment purposes. It is therefore not judged to be a key driver in determining the outcome of the impairment exercise, nor that of the viability statement.

Therefore, the Group has concluded that climate change risk does not represent a critical accounting judgement or key source of estimation uncertainty for the current year financial statements. This classification will be reassessed in future reporting periods as we continue to review the impacts, risks and opportunities presented by climate change and the Group's commitments to address the challenges presented.

4 Sales

£ millions	2023/24	2022/23
B&Q	**3,849**	3,835
Screwfix	**2,538**	2,365
Total UK & Ireland	**6,387**	6,200
Castorama	**2,219**	2,302
Brico Dépôt	**2,027**	2,150
Total France	**4,246**	4,452
Poland	**1,694**	1,734
Iberia	**371**	373
Romania	**269**	285
Other[1]	**13**	15
Other International	**2,347**	2,407
Total Group	**12,980**	13,059

1. Other' consists of the consolidated results of Screwfix International, NeedHelp and revenue from franchise and wholesale agreements.

5 Segmental analysis

Income statement

						2023/24
£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Sales	**6,387**	**4,246**	*1,694*	*653*	**2,347**	**12,980**
Retail profit/(loss)	**555**	**139**	*82*	*(27)*	**55**	**749**
Central costs						**(60)**
Share of interest and tax of joint ventures and associates						**(16)**
Adjusting items						**(93)**
Operating profit						**580**
Net finance costs						**(105)**
Profit before taxation						**475**

						2022/23
£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Sales	6,200	4,452	*1,734*	*673*	2,407	13,059
Retail profit/(loss)	603	195	*148*	*(23)*	125	923
Central costs						(49)
Share of interest and tax of joint ventures and associates						(4)
Adjusting items						(147)
Operating profit						723
Net finance costs						(112)
Profit before taxation						611

Notes to the consolidated financial statements continued

5 Segmental analysis continued

Balance sheet

2023/24

£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Segment assets	**2,931**	**1,753**	*1,195*	*360*	**1,555**	**6,239**
Central assets						**83**
Goodwill						**2,398**
Net debt						**(2,116)**
Net assets						**6,604**

2022/23

£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Total
Segment assets	3,084	1,914	*1,106*	*366*	1,472	6,470
Central assets						59
Goodwill						2,408
Net debt						(2,274)
Net assets						6,663

Other segmental information

2023/24

£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Central	Total
Capital expenditure	**182**	**88**	*70*	*22*	**92**	**1**	**363**
Depreciation and amortisation	**401**	**137**	*70*	*32*	**102**	**1**	**641**
Impairment losses	**21**	**44**	*11*	*39*	**50**	**–**	**115**
Impairment reversals	**(18)**	**(8)**	*–*	*(29)*	**(2)**	**–**	**(28)**
Non-current assets[1]	**4,480**	**2,127**	*1,005*	*279*	**1,284**	**8**	**7,899**

2022/23

£ millions	UK & Ireland	France	*Poland*	*Other*	Other International	Central	Total
Capital expenditure	251	113	*60*	*18*	78	7	449
Depreciation and amortisation	357	140	*56*	*29*	85	–	582
Impairment losses	64	70	*1*	*30*	31	–	165
Impairment reversals	–	(10)	–	–	–	–	(10)
Non-current assets[1]	4,516	2,217	*922*	*317*	1,239	19	7,991

1. Non-current assets comprise goodwill, other intangible assets, property, plant and equipment, investment property, right-of-use assets and investments in joint ventures and associates.

The operating segments disclosed above are based on the information reported internally to the Board of Directors and Group Executive, representing the geographical areas in which the Group operates. The Group only has one reportable business segment, being the supply of home improvement products and services. The majority of the sales in each geographical area are derived from in-store and online sales of products.

The 'Other International' segment consists of Poland, Iberia, Romania, the joint venture Koçtaş in Turkey, NeedHelp, Screwfix International and results from franchise and wholesale agreements. Poland has been shown separately due to its significance.

Central costs principally comprise the costs of the Group's head office before adjusting items. Central assets and liabilities comprise unallocated head office and other central items including pensions, insurance, interest and tax.

6 Adjusting items

£ millions	2023/24	2022/23
Included within selling and distribution expenses		
Net store asset impairment losses	**(76)**	(139)
Operating model restructuring	**(11)**	–
Release of France and other restructuring provisions	**–**	3
	(87)	(136)
Included within administrative expenses		
NeedHelp goodwill impairment	**(8)**	–
Romania goodwill impairment	**–**	(16)
Release of Castorama Russia disposal warranty liability	**–**	4
	(8)	(12)
Included within other income		
Profit on disposal of Crealfi associate investment	**2**	–
Profit on exit of properties	**–**	1
	2	1
Adjusting items before tax	**(93)**	(147)
Prior year and other adjusting tax items	**23**	29
Adjusting items	**(70)**	(118)

In consideration of 2023/24 performance, we have revised future projections for a number of stores across the Group's portfolio. This has resulted in the recognition of £76m of net store impairment charges in the year. Impairment charges of £104m have been recorded principally in France, Romania and the UK, partially offset by impairment reversals of £28m principally in the UK.

An impairment charge of £8m has been recorded relating to the goodwill originally recorded on the acquisition of NeedHelp in 2020/21, principally driven by revised financial projections.

During the year, the Group commenced formal consultation with employee representatives regarding a proposed Group Technology operating model restructuring programme. Operating model restructuring costs of £11m have been recorded in the year, primarily related to this programme. The total cost is expected to be c.£15m by FY 2024/25.

On 30 June 2023, the Group completed the disposal of its 49% interest in its French associate investment Crealfi S.A., for cash proceeds of £9m, resulting in a gain on disposal of £2m.

Prior year and other adjusting tax items relate principally to deferred tax credits recorded in respect of the impairment and restructuring expenses noted above, movements in prior year provisions to reflect a reassessment of expected outcomes, agreed positions with tax authorities and items that have time-expired.

7 Net finance costs

£ millions	2023/24	2022/23
Bank overdrafts, bank loans and derivatives	**–**	(3)
Fixed term debt	**(7)**	(2)
Lease liabilities	**(126)**	(124)
Finance costs	**(133)**	(129)
Cash and cash equivalents and short-term deposits	**16**	5
Net interest income on defined benefit pension schemes	**7**	11
Finance lease income	**1**	1
Other interest income	**4**	–
Finance income	**28**	17
Net finance costs	**(105)**	(112)

Interest on bank loans and fixed term debt interest includes amortisation of issue costs on borrowing facilities of £nil (2022/23: £1m).

8 Profit before taxation

The following items of expense/(income) have been charged/(credited) in arriving at profit before taxation:

£ millions	2023/24	2022/23
Research and development recognised as an expense	–	1
Amortisation of intangible assets[1]	111	84
Depreciation of property, plant and equipment, investment property and right-of-use assets	530	498
Impairment of goodwill	8	16
Impairment of intangible assets	3	3
Impairment of property, plant and equipment, right-of-use assets, investment property and assets held for sale	104	146
Reversal of impairment of property, plant and equipment and right-of-use assets	(28)	(10)
Write-down to recoverable amount of trade and other receivables	3	7

1. Of the amortisation of intangible assets charge, £1m (2022/23: £1m) and £110m (2022/23: £83m) are included in selling and distribution expenses and administrative expenses respectively.

Auditor's remuneration

£ millions	2023/24	2022/23
Fees payable for the audit of the Company and consolidated financial statements	1.1	1.0
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	1.7	1.7
Audit fees	**2.8**	2.7
Audit-related assurance services	0.2	0.2
Other assurance services	0.1	0.1
Non-audit fees	0.3	0.3
Auditor's remuneration	**3.1**	3.0

Details of the Group's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Audit Committee report on page 82. Audit-related assurance services relate to the interim review. No services were provided pursuant to contingent fee arrangements.

9 Employees and Directors

£ millions	2023/24	2022/23
Wages and salaries	1,687	1,628
Social security costs	298	295
Post-employment benefits		
Defined contribution	50	47
Defined benefit (current service cost)	11	13
Share-based compensation	22	19
Employee benefit expenses	**2,068**	2,002

Number thousands	2023/24	2022/23
Stores	69	73
Administration	7	7
Average number of persons employed	**76**	80

The average number of persons employed excludes those employed by the Group's joint ventures and associates.

Remuneration of key management personnel

£ millions	2023/24	2022/23
Short-term employee benefits	8.4	9.1
Post-employment benefits	0.5	1.0
Termination benefits	0.3	0.8
Share-based compensation	6.5	4.3
	15.7	15.2

The Group defines key management personnel as being those members of the Board of Directors and the Group Executive.

Further detail with respect to the Directors' remuneration is set out in the Directors' Remuneration Report on pages 84 to 109. Other than as set out in the Directors' Remuneration Report, there have been no transactions with key management during the year (2022/23: £nil).

10 Income tax expense

£ millions	2023/24	2022/23
UK corporation tax		
Current tax on profits for the year	(73)	(44)
Adjustments in respect of prior years	2	3
	(71)	(41)
Overseas tax		
Current tax on profits for the year	(37)	(77)
Adjustments in respect of prior years	8	4
	(29)	(73)
Current tax	**(100)**	(114)
Deferred tax		
Current year	(25)	(25)
Adjustments in respect of prior years	(4)	(3)
Adjustments in respect of changes in tax rates	(1)	2
Deferred tax	**(30)**	(26)
Income tax expense	**(130)**	(140)

Notes to the consolidated financial statements continued

10 Income tax expense continued

Factors affecting tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 25% (2022/23: 19%). The differences are explained below:

£ millions	2023/24	2022/23
Profit before taxation	**475**	611
Profit multiplied by the standard rate of corporation tax in the UK of 24%[1] (2022/23: 19%)	**(114)**	(116)
Net expense not deductible for tax purposes	**(9)**	(18)
Temporary differences:		
Losses not recognised	**(12)**	(6)
Foreign tax rate differences	**–**	(6)
Adjustments in respect of prior years	**6**	4
Adjustments in respect of changes in tax rates	**(1)**	2
Income tax expense	**(130)**	(140)

1. The UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. A blended rate of 24% is used in the reconciliation above to reflect this change.

The adjusted effective tax rate on profit before adjusting items is 27% (2022/23: 22%). The effective tax rate calculation is set out in the Financial Review on page 50.

The overall tax rate for the year is 27% (2022/23: 23%). This predominately reflects the blend of tax rates and profits in the Group's various jurisdictions, the applicable tax treatment of adjusting items and losses made by companies which have not been recognised for deferred tax. This has been partially offset by a release of prior year provisions which reflect a reassessment of expected outcomes, agreed positions with tax authorities and items that have time expired. Net expense not deductible for tax purposes does not include any significant values that have been netted off.

In addition to the amounts charged to the income statement, tax of £19m has been credited directly to equity (2022/23: £110m credit) of which £nil (2022/23: £3m credit) is included in current tax and a £19m credit (2022/23: £107m credit) is included in deferred tax. This principally relates to post-employment benefits.

In July 2023 Finance (No.2) Act 2023 was enacted in the UK which implemented the global minimum tax rules, commonly referred to as Pillar Two. The rules implement a domestic top-up tax and a multinational top-up tax in the UK which will be effective for the Group with effect from 1 February 2024. The rules will require the Group to pay top-up taxes in the UK in respect of any operations in territories where the minimum taxation level of 15% has not been met. Where overseas jurisdictions in which the Group operates have implemented qualified domestic minimum top-up tax rules, any top-up tax due may be payable in that jurisdiction in part or in full. The Group has applied the exception to IAS 12 in respect of recognising and disclosing information relating to deferred tax assets and liabilities arising in respect of Pillar Two.

The Group has assessed the impact of Pillar Two to estimate the exposure to top-up taxes arising from 1 February 2024 and the impact is expected to be negligible. The Group will continue to closely monitor further developments in respect of Pillar Two to assess the impact on financial performance.

During the prior year, a payment of €40m (£34m) was made to the French tax authorities relating to a historic tax liability. This amount was fully provided for in previous years.

Changes in tax rates

The UK corporation tax rate increased from 19% to 25% on 1 April 2023. This increase was substantively enacted on 24 May 2021 and as such the effect on deferred tax balances was reflected in prior year financial statements.

There were no significant changes to tax rates announced in the year relating to the overseas territories in which the Group operates.

11 Earnings per share

Pence	2023/24	2022/23
Basic earnings per share	**18.2**	23.8
Effect of dilutive share options per share	**(0.2)**	(0.3)
Diluted earnings per share	**18.0**	23.5
Basic earnings per share	**18.2**	23.8
Adjusting items before tax per share	**4.9**	7.4
Prior year and other adjusting tax items per share	**(1.2)**	(1.5)
Adjusted basic earnings per share	**21.9**	29.7
Diluted earnings per share	**18.0**	23.5
Adjusting items before tax per share	**4.8**	7.3
Prior year and other adjusting tax items per share	**(1.2)**	(1.4)
Adjusted diluted earnings per share	**21.6**	29.4

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year, excluding those held in the Employee Share Ownership Plan trust ('ESOP trust') which for the purpose of this calculation are treated as cancelled.

For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where both the exercise price is less than the average market price of the Company's shares during the year and any related performance conditions have been met.

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to equity shareholders of the Company. A reconciliation of statutory earnings to adjusted earnings is set out below:

£ millions	2023/24	2022/23
Earnings	**345**	471
Adjusting items before tax	**93**	147
Prior year and other adjusting tax items	**(23)**	(29)
Adjusted earnings	**415**	589

The weighted average number of shares in issue during the year, excluding those held in the ESOP trust, is set out below:

Weighted average number of shares (millions)	2023/24	2022/23
Basic	**1,898**	1,980
Diluted	**1,921**	2,002

12 Dividends

£ millions	2023/24	2022/23
Dividends paid to equity shareholders of the Company		
Ordinary interim dividend for the year ended 31 January 2024 of 3.80p per share (year ended 31 January 2023: 3.80p per share)	**72**	74
Ordinary final dividend for the year ended 31 January 2023 of 8.60p per share (year ended 31 January 2022: 8.60p per share)	**165**	172
	237	246

The proposed dividend for the year ended 31 January 2024, subject to approval by shareholders at the Annual General Meeting, is 12.40p per share, comprising an interim dividend of 3.80p in respect of the six months ended 31 July 2023 and a final dividend of 8.60p.

13 Goodwill

£ millions	
Cost	
At 1 February 2023	**2,457**
Exchange differences	**(2)**
At 31 January 2024	**2,455**
Impairment	
At 1 February 2023	**(49)**
Charge for the year	**(8)**
At 31 January 2024	**(57)**
Net carrying amount	
At 31 January 2024	**2,398**
Cost	
At 1 February 2022	2,457
At 31 January 2023	2,457
Impairment	
At 1 February 2022	(33)
Charge for the year	(16)
At 31 January 2023	(49)
Net carrying amount	
At 31 January 2023	2,408

An impairment charge of £8m has been recorded in the year relating to the goodwill originally recorded on the acquisition of NeedHelp in 2020/21, principally driven by revised financial projections. In the prior year, an impairment charge of £16m was recorded relating to the Romania business. This arose due to a significant increase in the discount rate and revised financial projections in the prior year. Both NeedHelp and Romania are included within the 'Other International' operating segment.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to groups of cash generating units ('CGUs') as follows:

£ millions	UK	France	Poland	Romania	NeedHelp	Total
At 31 January 2024						
Cost	**1,796**	**521**	**81**	**49**	**8**	**2,455**
Impairment	**–**	**–**	**–**	**(49)**	**(8)**	**(57)**
Net carrying amount	**1,796**	**521**	**81**	**–**	**–**	**2,398**
At 31 January 2023						
Cost	1,796	523	81	49	8	2,457
Impairment	–	–	–	(49)	–	(49)
Net carrying amount	1,796	523	81	–	8	2,408

The recoverable amounts of the CGUs have been determined based on value-in-use calculations.

The groups of CGUs for which the carrying amount of goodwill is deemed significant are the UK, France and Poland. The key assumptions used for value-in-use calculations are set out below.

Assumptions

The cash flow projections are based on approved strategic plans covering a three-year period. These are based on both past performance and expectations for future market development. The projections reflect the expected benefits from certain strategic initiatives, including an increased offer, an improved digital journey and improved operational efficiency. As required under IFRS, cash flows related to uncommitted future restructurings and enhancement capital expenditure are excluded from the projections for impairment testing purposes. For further details, refer to the Strategic Report on pages 1 to 67.

Key drivers in the strategic plans are sales growth, margin and operating profit percentages. Sales projections take into consideration both external factors such as market expectations, and internal factors such as execution on our strategy. They assume sales increases in each country that are driven by an enlarged offer, an improved digital journey and local trading initiatives. Assumed gross margin percentages benefit from increased sales of the Group's higher margin own exclusive brands (OEB), vendor negotiations and operational leverage from increased sales on logistics and distribution costs. Assumed operating profit percentages reflect better utilisation of fixed costs as well as cost savings through operational efficiencies, including a more efficient organisation and leveraging our goods not for resale spend.

Cash flows beyond the period of the strategic plans are calculated using a long-term growth rate based on inflation expectations which does not exceed the long-term average growth rate for the countries in which the Group's CGUs operate.

The Board has reviewed a sensitivity analysis and does not consider that a reasonably possible change in the assumptions used in the value-in-use calculations would cause the carrying amounts of the UK, France and Poland CGUs to exceed their recoverable amounts.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, taking into account the cost of equity and debt, to which specific market-related premium adjustments are made for each country in which the CGU operates.

The risk adjusted nominal discount rates and long-term nominal growth rates used are as follows:

			2023/24			2022/23
Annual % rate	**UK**	**France**	**Poland**	UK	France	Poland
Pre-tax discount rate	**11.0**	**10.4**	**11.3**	11.7	11.3	12.5
Post-tax discount rate	**8.8**	**8.2**	**9.7**	9.3	9.0	10.8
Long-term growth rate	**2.0**	**1.6**	**2.5**	2.0	2.3	3.5

14 Other intangible assets

£ millions	Computer software	Other	Total
Cost			
At 1 February 2023	**888**	**16**	**904**
Additions	**108**	**3**	**111**
Disposals	**(2)**	**–**	**(2)**
Exchange differences	**(2)**	**–**	**(2)**
At 31 January 2024	**992**	**19**	**1,011**
Amortisation			
At 1 February 2023	**(520)**	**(13)**	**(533)**
Charge for the year	**(111)**	**–**	**(111)**
Impairment losses	**(3)**	**–**	**(3)**
Disposals	**2**	**–**	**2**
Exchange differences	**2**	**–**	**2**
At 31 January 2024	**(630)**	**(13)**	**(643)**
Net carrying amount			
At 31 January 2024	**362**	**6**	**368**
Cost			
At 1 February 2022	836	14	850
Additions	127	–	127
Disposals	(78)	–	(78)
Exchange differences	3	2	5
At 31 January 2023	888	16	904
Amortisation			
At 1 February 2022	(511)	(9)	(520)
Charge for the year	(84)	–	(84)
Impairment losses	–	(3)	(3)
Disposals	78	–	78
Exchange differences	(3)	(1)	(4)
At 31 January 2023	(520)	(13)	(533)
Net carrying amount			
At 31 January 2023	368	3	371

Additions in the current and prior year primarily related to the development of IT infrastructure for the benefit of the Group.

Computer software cost includes £457m (2022/23: £418m) of internally generated development costs with a £191m (2022/23: £202m) net carrying amount. None of the Group's other intangible assets have indefinite useful lives.

15 Property, plant and equipment

£ millions	Land and buildings	Fixtures, fittings and equipment	Total
Cost			
At 1 February 2023	**2,737**	**3,486**	**6,223**
Additions	**41**	**219**	**260**
Disposals	**(11)**	**(51)**	**(62)**
Reclassified from assets held for sale	**17**	**–**	**17**
Exchange differences	**(23)**	**(17)**	**(40)**
At 31 January 2024	**2,761**	**3,637**	**6,398**
Depreciation			
At 1 February 2023	**(590)**	**(2,428)**	**(3,018)**
Charge for the year	**(35)**	**(181)**	**(216)**
Impairment losses	**(28)**	**(24)**	**(52)**
Impairment reversals	**22**	**3**	**25**
Disposals	**11**	**50**	**61**
Reclassified from assets held for sale	**(17)**	**–**	**(17)**
Exchange differences	**9**	**16**	**25**
At 31 January 2024	**(628)**	**(2,564)**	**(3,192)**
Net carrying amount			
At 31 January 2024	**2,133**	**1,073**	**3,206**

£ millions	Land and buildings	Fixtures, fittings and equipment	Total
Cost			
At 1 February 2022	2,596	3,186	5,782
Additions	45	280	325
Disposals	(2)	(40)	(42)
Exchange differences	98	60	158
At 31 January 2023	2,737	3,486	6,223
Depreciation			
At 1 February 2022	(473)	(2,231)	(2,704)
Charge for the year	(35)	(164)	(199)
Impairment losses	(67)	(33)	(100)
Impairment reversals	5	–	5
Disposals	1	39	40
Exchange differences	(21)	(39)	(60)
At 31 January 2023	(590)	(2,428)	(3,018)
Net carrying amount			
At 31 January 2023	2,147	1,058	3,205

£ millions	Land and buildings	Fixtures, fittings and equipment	Total
Assets in the course of construction included above at net carrying amount			
At 31 January 2024	**22**	**147**	**169**
At 31 January 2023	24	195	219

Notes to the consolidated financial statements continued

15 Property, plant and equipment continued

Net impairment charges of £27m have been recorded in the year (2022/23: £95m) resulting from revised financial projections. Current year impairment charges of £52m (2022/23: £100m) principally relate to store property and equipment assets in France, Romania and the UK, partially offset by impairment reversals of £25m (2022/23: £5m) principally in the UK. The net store impairment charges of £27m have been recorded as adjusting items. See note 6.

Total capitalised borrowing costs included within property, plant and equipment, net of depreciation, is £16m (2022/23: £16m).

The Group does not revalue properties within its financial statements. A formal valuation of the portfolio was undertaken by external professional valuers in October 2023, with the valuations then reviewed for any significant updates to 31 January 2024. Based on this exercise the value of property is £2.7bn (2022/23: £2.8bn) on a sale and leaseback basis with Kingfisher in occupancy. The key assumption used in calculating this is the estimated yields. Property, plant and equipment market valuations are considered to have been determined by level 3 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement'. A vacant possession valuation basis is used to approximate the fair value less costs to sell when reviewing for impairment.

Fixtures, fittings and equipment includes items such as store racking, computers and electronic equipment, motor cars and commercial vehicles.

16 Investment property

£ millions	
Cost	
At 1 February 2023	**41**
Disposals	**(1)**
At 31 January 2024	**40**
Depreciation	
At 1 February 2023	**(11)**
Impairment losses	**(2)**
At 31 January 2024	**(13)**
Net carrying amount	
At 31 January 2024	**27**
Cost	
At 1 February 2022	39
Reclassified from assets held for sale	2
At 31 January 2023	41
Depreciation	
At 1 February 2022	(6)
Impairment losses	(5)
At 31 January 2023	(11)
Net carrying amount	
At 31 January 2023	30

17 Leases

The Group is a lessee of various retail stores, offices, warehouses and plant and equipment under lease agreements with varying terms, escalation clauses and renewal rights. The Group is also a lessor and sub-lessor of space with freehold and leasehold properties respectively.

Right-of-use assets

£ millions	2023/24	2022/23
Land and buildings	**1,772**	1,873
Fixtures, fittings and equipment	**109**	74
Net carrying amount	**1,881**	1,947

Leased fixtures, fittings and equipment includes items such as mechanical handling equipment and vehicles.

£ millions	2023/24	2022/23
At beginning of year	**1,947**	1,885
Additions[1]	**253**	339
Depreciation charge for the year	**(314)**	(299)
Impairment losses	**(50)**	(41)
Impairment reversals	**3**	5
Other movements	**45**	34
Exchange differences	**(3)**	24
At end of year	**1,881**	1,947

1. Right-of-use asset additions include new leases, lease renewals and increases in term and/or scope for existing leases.

Net right-of-use asset impairment charges of £47m (2022/23: £36m) relate to store based assets and are resulting from revised financial projections. The net store impairment charges of £47m have been recorded as adjusting items. See note 6.

Amounts included in profit and loss

£ millions	2023/24	2022/23
Short-term rentals	**(59)**	(65)
Sublease income	**1**	1
Depreciation of right-of-use assets		
Property leases	**(276)**	(262)
Equipment leases	**(38)**	(37)
Interest on lease liabilities		
Property leases	**(121)**	(120)
Equipment leases	**(5)**	(4)

Amounts recognised in the cash flow statement

£ millions	2023/24	2022/23
Interest element of lease rental payments		
Property leases	**(121)**	(120)
Equipment leases	**(5)**	(4)
Principal element of lease rental payments		
Property leases	**(310)**	(292)
Equipment leases	**(38)**	(37)
Total cash outflow for leases	**(474)**	(453)

Notes to the consolidated financial statements continued

17 Leases continued

Maturity analysis of operating lease receivables

Undiscounted total future minimum rentals receivable under non-cancellable operating leases are as follows:

£ millions	2023/24	2022/23
Year 1	**5**	4
Year 2	**5**	4
Year 3	**4**	3
Year 4	**4**	3
Year 5	**3**	3
Year 6 and onwards	**18**	16
	39	33

Maturity analysis of finance lease receivables

The following table reconciles the undiscounted sublease rentals receivable under non-cancellable finance leases to the present value of sublease receivables as disclosed as part of trade and other receivables (note 20):

£ millions	2023/24	2022/23
Year 1	**3**	4
Year 2	**3**	5
Year 3	**2**	3
Year 4	**1**	2
Year 5	**1**	1
Year 6 and onwards	**1**	1
Total undiscounted sublease receipts receivable	**11**	16
Unearned finance income	**(2)**	(3)
Sublease receivables	**9**	13

Other lease disclosures

The maturity analysis of lease liabilities has been reflected in note 25 Financial risk management.

Lease arrangements under which rental payments are contingent upon sales, other performance or usage are not significant for the Group.

There are no corporate restrictions imposed by lease arrangements such as those concerning dividends, additional debt and further leasing.

Sale and leaseback transactions

No sale and leaseback transactions were entered into in the current or prior year.

18 Investments in joint ventures and associates

£ millions	
At 1 February 2023	**30**
Share of post-tax results	**(1)**
Disposals[1]	**(9)**
Exchange differences	**(1)**
At 31 January 2024	**19**

£ millions	
At 1 February 2022	17
Share of post-tax results	5
Dividends	(3)
Exchange differences	11
At 31 January 2023	30

No goodwill is included in the carrying amount of investments in joint ventures and associates (2022/23: £nil).

Details of the Group's significant joint ventures and associates are shown below:

	Principal place of business	% interest held	Class of shares owned	Main activity
Principal joint ventures				
Koçtaş Yapı Marketleri Ticaret A.Ş.[2]	Turkey	50%	Ordinary	Retailing
UNIO S.A.S.[2, 3]	France	50%	Ordinary	Sourcing
Principal associate				
Crealfi S.A.[1, 2]	France	49%	Ordinary	Finance

1. The Group completed the disposal of its interest in Crealfi S.A. on 30 June 2023, resulting in a gain on disposal of £2m.
2. The financial statements of these companies are prepared to 31 December.
3. The Group established UNIO S.A.S. in France on 31 May 2023 as a joint venture with Mr. Bricolage Group.

Aggregate amounts relating to joint ventures and associates:

			2023/24			2022/23
£ millions	**Joint ventures**	**Associates**	**Total**	Joint ventures	Associates	Total
Non-current assets	**27**	**–**	**27**	24	2	26
Current assets	**41**	**–**	**41**	48	43	91
Current liabilities	**(43)**	**–**	**(43)**	(46)	(35)	(81)
Non-current liabilities	**(6)**	**–**	**(6)**	(5)	(1)	(6)
Share of net assets	**19**	**–**	**19**	21	9	30
Sales	**163**	**–**	**163**	143	3	146
Operating expenses	**(148)**	**–**	**(148)**	(135)	(2)	(137)
Operating profit	**15**	**–**	**15**	8	1	9
Net finance costs	**(16)**	**–**	**(16)**	–	–	–
Profit before taxation	**(1)**	**–**	**(1)**	8	1	9
Income tax expense	**–**	**–**	**–**	(4)	–	(4)
Share of post-tax results	**(1)**	**–**	**(1)**	4	1	5

The Group's Turkish joint venture, Koçtaş, has prepared its financial statements under IAS 29 – Financial reporting in hyperinflationary economies.

Notes to the consolidated financial statements continued

19 Inventories

£ millions	2023/24	2022/23
Finished goods for resale	**2,914**	3,070

The cost of inventories recognised as an expense and included in cost of sales for the year ended 31 January 2024 is £7,362m (2022/23: £7,437m).

20 Trade and other receivables

£ millions	2023/24	2022/23
Non-current		
Prepayments	**9**	9
Sublease receivables	**6**	10
	15	19
Current		
Trade receivables	**101**	89
Allowance for expected credit losses	**(9)**	(8)
Net trade receivables	**92**	81
Property receivables	**4**	5
Sublease receivables	**3**	3
Merchandise returns asset	**11**	11
Prepayments	**79**	64
Rebates due from suppliers	**119**	143
Other receivables	**36**	40
	344	347
Trade and other receivables	**359**	366

The fair values of trade and other receivables approximate to their carrying amounts. Refer to note 25 for further information on the credit risk associated with trade and other receivables.

Other receivables include items related to other taxation and social security.

21 Cash and cash equivalents

£ millions	2023/24	2022/23
Cash at bank and in hand	**290**	259
Cash equivalents	**70**	27
Cash and cash equivalents	**360**	286

Included in cash and cash equivalents is restricted cash of £41m (2022/23: £51m) relating to cash held by the Group's captive insurance company and in virtual captive arrangements.

Other cash and cash equivalents, fixed for periods of up to three months, comprise bank deposits and investments in money market funds. The carrying value of cash and cash equivalents are approximated to their fair values.

22 Trade and other payables

£ millions	2023/24	2022/23
Current		
Trade payables	**1,239**	1,291
Other taxation and social security	**262**	238
Deferred income	**153**	179
Contract to purchase own shares for cancellation	**–**	7
Merchandise returns provision	**20**	21
Payroll creditors and accruals	**217**	199
Accruals and other payables	**554**	548
	2,445	2,483
Non-current		
Accruals and other payables	**3**	4
Trade and other payables	**2,448**	2,487

The fair values of trade and other payables approximate to their carrying amounts.

Included in trade payables are amounts at 31 January 2024 of £122m (2022/23: £146m) for which suppliers have received payment from finance providers. Suppliers choose to enter into these arrangements, which provide them with the option of access to earlier payment at favourable interest rates from the finance providers based on Kingfisher's investment grade credit rating. The total size of these facilities at the reporting date is £373m (2022/23: £385m). If suppliers do not choose early payment under these arrangements, their invoices are settled in accordance with the originally agreed payment terms. Under certain of these arrangements, the Group has agreed extended payment terms, however these arrangements do not provide the Group with a significant benefit of additional financing and accordingly are classified as trade payables.

Accruals and other payables include items related to goods not for resale, property, capital expenditure, insurance and interest.

23 Borrowings

£ millions	2023/24	2022/23
Current		
Bank overdrafts	**7**	16
	7	16
Non-current		
Bank loans	**3**	3
Fixed term debt	**99**	99
	102	102
Borrowings	**109**	118

Bank loans

Non-current bank loans have an average maturity of four years (2022/23: two years) and are arranged at fixed rates of interest with an effective interest rate of 3.6% (2022/23: 1.8%).

Notes to the consolidated financial statements continued

23 Borrowings continued

Fixed term debt

	Principal outstanding	Maturity date	Coupon	Effective interest rate	2023/24 Carrying amount £m	2022/23 Carrying amount £m
GBP Term Loan	£50m	23/06/25[1]	SONIA + 0.70%	5.9%	**50**	50
GBP Term Loan	£50m	17/01/26[1]	SONIA + 0.75%	6.0%	**49**	49
					99	99

1. During the prior year the Group entered into two new £50m bilateral term loans with a maturity tenor of two years. During the current year, these term loans were extended by six months and one year respectively. Both loans were fully drawn at 31 January 2024.

As at 31 January 2024, the Group had an undrawn revolving credit facility (RCF) of £550m, of which £46m expires in May 2025 and £504m expires in May 2026.

The terms of the committed RCF and term loans require that the ratio of Group operating profit (excluding adjusting items) to net interest payable (excluding interest on IFRS 16 lease liabilities) must be no less than 3:1 for the preceding 12 months as at the half and full year-ends. At 31 January 2024, the Group was in compliance with this requirement.

Fair values

£ millions	Fair value 2023/24	2022/23
Bank overdrafts	**7**	16
Bank loans	**3**	3
Fixed term debt	**101**	102
Borrowings	**111**	121

Fair values of borrowings have been calculated by discounting cash flows at prevailing interest and foreign exchange rates. This has resulted in level 2 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement'.

24 Derivatives

£ millions	2023/24	2022/23
Current assets	**2**	16
Current liabilities	**(23)**	(47)
Non-current liabilities	**(1)**	(5)
	(22)	(36)

The net fair value of derivatives by hedge designation at the balance sheet date is:

£ millions	2023/24	2022/23
Cash flow hedges	**(21)**	(36)
Non-designated hedges	**(1)**	–
	(22)	(36)

The Group holds the following derivative financial instruments at fair value:

£ millions	2023/24	2022/23
Foreign exchange contracts	**2**	16
Derivative assets	**2**	16
Foreign exchange contracts	**(24)**	(52)
Derivative liabilities	**(24)**	(52)
	(22)	(36)

The fair values are calculated by discounting future cash flows arising from the instruments and adjusted for credit risk. These fair value measurements are all made using observable market rates of interest, foreign exchange and credit risk.

All the derivatives held by the Group at fair value are considered to have fair values determined by level 2 inputs as defined by the fair value hierarchy of IFRS 13, 'Fair value measurement', representing significant observable inputs other than quoted prices in active markets for identical assets or liabilities. There are no non-recurring fair value measurements nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

At 31 January 2024, net financing derivative assets included in net debt amount to £nil (2022/23: £2m).

Cash flow hedges

Forward foreign exchange contracts hedge currency exposures of forecast inventory purchases. At 31 January 2024 the Sterling equivalent amount of such contracts is £822m (2022/23: £1,276m). These are located in the derivative asset and derivative liability lines in the consolidated balance sheet with carrying amounts of £2m asset and £23m liability. The associated fair value gains and losses will be transferred to inventories when the purchases occur during the next 18 months. The amount recognised in other comprehensive income during the year is a loss of £32m (2022/23: £58m gain). Losses of £33m (2022/23: £117m gain) have been transferred to inventories for contracts which matured during the year. During the year, losses of £12m (2022/23: £5m gain) have been transferred to the income statement due to ineffectiveness arising from differences in timing and amount of forecast transactions relating to foreign currency inventory purchases. The weighted average hedged rates for derivatives outstanding at 31 January 2024 for our material currencies are EUR/USD 1.10 and GBP/USD 1.25.

Hedge effectiveness is assessed at the inception of the hedge relationship and on an ongoing basis to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative and, where necessary, a quantitative assessment of effectiveness.

For foreign currency inventory purchases, ineffectiveness may arise if the timing or amount of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk of the Group or the derivative counterparty. Foreign currency basis spread of the derivative has been excluded from the hedge designation. The non-designated element is immediately recognised in the income statement. The amount is immaterial in both years.

Non-designated hedges

The Group has entered into certain derivatives to provide a hedge against fluctuations in the income statement arising from balance sheet positions. At 31 January 2024, the Sterling equivalent amount of such contracts is £463m (2022/23: £481m). These have not been accounted for as hedges, since the fair value movements of the derivatives in the income statement offset the retranslation of the balance sheet positions. These include short-term foreign exchange contracts. These are located in the derivative liability line in the consolidated balance sheet with a carrying amount of £1m.

The Group has reviewed all significant contracts for embedded derivatives and none of these contracts has any embedded derivatives which are not closely related to the host contract and therefore the Group is not required to account for these separately.

The Group enters into netting agreements with counterparties to manage the credit and settlement risks associated with over-the-counter derivatives. These netting agreements and similar arrangements generally enable the Group and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations.

Offsetting of derivative assets and liabilities:

£ millions	Gross amounts of recognised derivatives	Gross amounts offset in the consolidated balance sheet	Net amounts of derivatives presented in the consolidated balance sheet	Gross amounts of derivatives not offset in the consolidated balance sheet	Net amount
At 31 January 2024					
Derivative assets	**2**	**–**	**2**	**(2)**	**–**
Derivative liabilities	**(24)**	**–**	**(24)**	**2**	**(22)**
At 31 January 2023					
Derivative assets	16	–	16	(16)	–
Derivative liabilities	(52)	–	(52)	16	(36)

Net investment hedges

Foreign currency denominated lease liabilities are designated as hedging the exposure to movements in the spot retranslation of the Group's investment in foreign subsidiaries. The gains and losses on retranslation of the hedging instruments are presented in the translation reserve within other reserves to offset gains and losses on the hedged balance sheet exposure. The nominal values of these lease liabilities is £232m (2022/23: £197m). The amount recognised in the translation reserve is a gain of £9m (2022/23: £3m loss). There is no ineffectiveness for 2023/24. The cumulative total amount recognised in the translation reserve in relation to net investment hedges is a loss of £103m (2022/23: £112m).

Notes to the consolidated financial statements continued

24 Derivatives continued

Categories of financial instruments

The table below sets out the carrying amount of financial assets and liabilities for each financial instrument category as defined by IFRS 9:

	2023/24				2022/23			
£ millions	Fair value through other comprehensive income[1]	Fair value through profit or loss	Amortised cost	Total	Fair value through other comprehensive income[1]	Fair value through profit or loss	Amortised cost	Total
Cash and cash equivalents	–	–	360	360	–	–	286	286
Trade and other receivables – current[2]	–	–	254	254	–	–	10	10
Trade and other receivables – non-current[2]	–	–	6	6	–	–	272	272
Derivative assets	2	–	–	2	16	–	–	16
Trade and other payables – current[2]	–	–	(1,793)	(1,793)	–	–	(1,846)	(1,846)
Trade and other payables – non-current[2]	–	–	(3)	(3)	–	–	(4)	(4)
Derivative liabilities – current	(22)	(1)	–	(23)	(47)	–	–	(47)
Derivative liabilities – non-current	(1)	–	–	(1)	(5)	–	–	(5)
Borrowings – current	–	–	(7)	(7)	–	–	(16)	(16)
Borrowings – non-current	–	–	(102)	(102)	–	–	(102)	(102)
Lease liabilities – current	–	–	(366)	(366)	–	–	(343)	(343)
Lease liabilities – non-current	–	–	(2,001)	(2,001)	–	–	(2,101)	(2,101)
Financial assets and liabilities	(21)	(1)	(3,652)	(3,674)	(36)	–	(3,844)	(3,880)

1. Relating to derivatives in designated hedge relationships.
2. Excluding non-financial items relating to prepayments, merchandise returns assets and provisions and deferred income, and non-contractual items relating to other taxation and social security payables and payroll creditors and accruals.

25 Financial risk management

The Group's treasury function has primary responsibility for managing certain financial risks to which the Group is exposed. The Board reviews the levels of exposure regularly and approves treasury policies covering the use of financial instruments required to manage these risks. Kingfisher's treasury function is not run as a profit centre and does not enter into any transactions for speculative purposes.

In the normal course of business, the Group uses financial instruments including derivatives. The main types of financial instruments used are fixed term debt, bank loans and deposits, money market funds, interest rate swaps and foreign exchange contracts.

Interest rate risk

Borrowings arranged at floating rates of interest expose the Group to cash flow interest rate risk, whereas those arranged at fixed rates of interest expose the Group to fair value interest rate risk. The Group manages its interest rate risk by entering into certain interest rate derivative contracts which modify the interest rate payable on the Group's underlying debt instruments.

Currency risk

The Group's principal currency exposures are to the Euro, US Dollar, Polish Zloty and Romanian Leu. The Euro, Polish Zloty and Romanian Leu exposures are operational and arise through the ownership of retail businesses in France, Spain, Portugal, the Republic of Ireland, Poland and Romania.

In particular, the Group generates a substantial part of its profit from the Eurozone and, as such, is exposed to the economic uncertainty of its member states. The Group continues to monitor potential exposures and risks and consider effective risk management solutions.

It is the Group's policy not to hedge the translation of overseas earnings into Sterling. In addition, the Group has significant transactional exposure arising on the purchase of inventories denominated in US Dollars, which it hedges using forward foreign exchange contracts. Under Group policies, the Group's operating companies are required to hedge committed inventory purchases and a proportion of forecast inventory purchases arising in the next 18 months. This is monitored on an ongoing basis.

The Group also has exposure to certain leases denominated in currencies which are different from the functional (reporting) currencies of the lessee. To reduce the Group's exposure to this, most of the affected lease liabilities have been designated as net investment hedges of Group assets held in the same currency.

The Group's policy is to manage the interest rate and currency profile of its debt and cash using derivative contracts. The effect of these contracts on the Group's net debt is as follows:

									2023/24
	Sterling		Euro		US Dollar		Other		
£ millions	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Total**
At 31 January 2024									
Net (debt)/cash before financing derivatives and lease liabilities	**–**	**(10)**	**(2)**	**135**	**–**	**90**	**–**	**38**	**251**
Financing derivatives	**–**	**(391)**	**–**	**85**	**–**	**305**	**–**	**1**	**–**
Lease liabilities	**(1,722)**	**–**	**(596)**	**–**	**–**	**–**	**(49)**	**–**	**(2,367)**
Net (debt)/cash	**(1,722)**	**(401)**	**(598)**	**220**	**–**	**395**	**(49)**	**39**	**(2,116)**

									2022/23
	Sterling		Euro		US Dollar		Other		
£ millions	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Total
At 31 January 2023									
Net cash/(debt) before financing derivatives and lease liabilities	–	9	(2)	105	–	28	–	28	168
Financing derivatives	–	(425)	–	39	–	326	–	62	2
Lease liabilities	(1,821)	–	(582)	–	–	–	(41)	–	(2,444)
Net (debt)/cash	(1,821)	(416)	(584)	144	–	354	(41)	90	(2,274)

Financial instruments principally affected by interest rate and currency risks, being the significant market risks impacting the Group, are borrowings, deposits and derivatives. The following analysis illustrates the sensitivity of net finance costs (reflecting the impact on profit) and derivative cash flow hedges (reflecting the impact on other comprehensive income) to changes in interest rates and foreign exchange rates.

£ millions	**2023/24** Net finance costs	2022/23 Net finance costs
Effect of 1% rise in interest rates on net finance costs		
Sterling	**(4)**	(4)
Euro	**2**	1
US Dollar	**4**	4
Other	**–**	1

Due to the Group's hedging arrangements and offsetting foreign currency assets and liabilities, there is no significant impact on profit from the retranslation of financial instruments.

£ millions	**2023/24** Derivative cash flow hedges increase	2022/23 Derivative cash flow hedges increase
Effect of 10% appreciation in foreign exchange rates on derivative cash flow hedges		
US Dollar against Sterling	**69**	50
US Dollar against Euro	**22**	36
US Dollar against other	**9**	20

The impact of changes in foreign exchange rates on cash flow hedges results from retranslation of forward purchases of US Dollars used to hedge forecast US Dollar purchases of inventories. The associated fair value gains and losses are deferred in equity until the purchases occur. See note 24 for further details.

The sensitivity analysis excludes the impact of movements in market variables on the carrying amount of trade and other payables and receivables, due to the low associated sensitivity, and are before the effect of tax. It has been prepared on the basis that the Group's debt, hedging activities, hedge accounting designations, and foreign currency proportion of debt and derivative contracts remain constant, reflecting the positions at 31 January 2024 and 31 January 2023 respectively. As a consequence, the analysis relates to the position at those dates and is not necessarily representative of the years then ended. In preparing the sensitivity analysis it is assumed that all hedges are fully effective. The effects shown above would be reversed in the event of an equal and opposite change in interest rates and foreign exchange rates.

25 Financial risk management continued

Liquidity risk

The Group regularly reviews the level of cash and debt facilities required to fund its activities. This involves preparing a prudent cash flow forecast for the medium term, determining the level of debt facilities required to fund the business, planning for repayment of debt at its maturity and identifying an appropriate amount of headroom to provide a reserve against unexpected outflows and/or unexpected impacts to cash inflows.

At 31 January 2024, the Group had an undrawn revolving credit facility (RCF) of £550m, of which £46m is due to expire in May 2025, with the balance expiring in May 2026.

The following table analyses the Group's financial liabilities and derivatives into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest) and as such may differ from the amounts disclosed on the balance sheet.

								2023/24
£ millions	On demand	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
At 31 January 2024								
Bank overdrafts	(7)	–	–	–	–	–	–	(7)
Trade and other payables[1]	–	(1,793)	(3)	–	–	–	–	(1,796)
Bank loans and fixed term debt	–	(6)	(105)	(1)	(1)	–	–	(113)
Lease liabilities	–	(470)	(439)	(395)	(339)	(283)	(1,107)	(3,033)
Derivative financial liabilities:								
Derivative contracts – receipts	–	788	39	–	–	–	–	827
Derivative contracts – payments	–	(812)	(41)	–	–	–	–	(853)
Derivative financial assets:								
Derivative contracts – receipts	–	442	16	–	–	–	–	458
Derivative contracts – payments	–	(439)	(15)	–	–	–	–	(454)

								2022/23
£ millions	On demand	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
At 31 January 2023								
Bank overdrafts	(16)	–	–	–	–	–	–	(16)
Trade and other payables[1]	–	(1,846)	(4)	–	–	–	–	(1,850)
Bank loans and fixed term debt	–	(5)	(105)	–	–	–	–	(110)
Lease liabilities	–	(456)	(439)	(399)	(353)	(300)	(1,241)	(3,188)
Derivative financial liabilities:								
Derivative contracts – receipts	–	996	100	–	–	–	–	1,096
Derivative contracts – payments	–	(1,043)	(107)	–	–	–	–	(1,150)
Derivative financial assets:								
Derivative contracts – receipts	–	658	3	–	–	–	–	661
Derivative contracts – payments	–	(643)	(3)	–	–	–	–	(646)

1. Excluding non-financial items relating to deferred income and merchandise returns provisions and non-contractual items relating to other taxation and social security payables and payroll creditors and accruals.

Credit risk

The Group manages credit risk from investing activities in accordance with treasury policy. The Group deposits surplus cash with a number of banks with strong long-term credit ratings (BBB and above) and with money market funds with AAA credit ratings offering same-day liquidity. An exposure limit for each counterparty is agreed by the Board covering the full value of deposits and the fair value of derivative assets. Credit risk is also managed by spreading investments and entering into derivative contracts across several counterparties. As of 31 January 2024 the highest total cash investment with a single counterparty was £21m (2022/23: £7m).

The table below analyses the Group's cash and cash equivalents and derivative assets by credit exposure, excluding cash held in stores and cash in transit.

	Credit rating of counterparty[1]									
£ millions	AAA	AA+	AA	AA-	A+	A	A-	BBB +/-	Other rating	Total
Cash and cash equivalents[2]	**115**	**–**	**–**	**–**	**145**	**13**	**1**	**5**	**2**	**281**
Derivative assets	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**–**	**2**
At 31 January 2024	**115**	**–**	**–**	**–**	**147**	**13**	**1**	**5**	**2**	**283**

	Credit rating of counterparty[1]									
£ millions	AAA	AA+	AA	AA-	A+	A	A-	BBB +/-	Other rating	Total
Cash and cash equivalents[2]	1	–	–	–	208	7	7	3	–	226
Derivative assets	–	–	–	–	14	2	–	–	–	16
At 31 January 2023	1	–	–	–	222	9	7	3	–	242

1. Standard & Poor's equivalent rating shown. The Group determines this rating with reference to the majority credit rating from either Standard & Poor's, Moody's or Fitch where applicable.
2. Cash and cash equivalents excludes cash held in stores and cash in transit balances of £79m (2022/23: £60m).

The Group applies the low credit risk simplification under IFRS 9 for expected credit losses relating to cash at bank, short-term deposits and money market funds. The resulting expected credit losses are not significant.

The Group's exposure to credit risk at the reporting date is the carrying value of trade and other receivables, cash at bank, short-term deposits and the fair value of derivative assets. Trade and other receivables mainly relate to trade receivables and rebates which comprise low individual balances with short maturity spread across a large number of unrelated customers and suppliers, resulting in low credit risk levels. They do not have a significant financing component and therefore the Group measures expected credit losses using lifetime expected losses.

The estimated lifetime expected losses are based on historical loss rates adjusted where necessary for expected changes in economic conditions.

At 31 January 2024, trade and other receivables that are past due amount to £44m (2022/23: £47m), of which £4m (2022/23: £7m) are over 120 days past due.

Capital risk

Capital risk management disclosures are provided in the Financial Review on pages 53 to 54.

26 Deferred tax

£ millions	2023/24	2022/23
Deferred tax assets	**10**	16
Deferred tax liabilities	**(207)**	(205)
	(197)	(189)

Notes to the consolidated financial statements continued

26 Deferred tax continued

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends, and has the legally enforceable right, to settle its current tax assets and liabilities on a net basis.

£ millions	Accelerated tax depreciation	Gains on property	Leases	Short-term timing differences	Tax losses	Post-employment benefits	Investment in subsidiaries	Other	Total 2023/24
At 1 February 2023	**(215)**	**(56)**	**130**	**44**	**1**	**(99)**	**(1)**	**7**	**(189)**
(Charge)/credit to income statement	**(15)**	**4**	**(10)**	**(7)**	**–**	**(2)**	**1**	**(1)**	**(30)**
(Charge)/credit to equity	**–**	**–**	**(2)**	**1**	**–**	**22**	**–**	**(2)**	**19**
Exchange differences	**3**	**2**	**–**	**–**	**–**	**(2)**	**–**	**–**	**3**
At 31 January 2024	**(227)**	**(50)**	**118**	**38**	**1**	**(81)**	**–**	**4**	**(197)**

£ millions	Accelerated tax depreciation	Gains on property	Leases	Short-term timing differences	Tax losses	Post-employment benefits	Investment in subsidiaries	Other	Total 2022/23
At 1 February 2022	(170)	(61)	127	42	1	(197)	(1)	(7)	(266)
(Charge)/credit to income statement	(38)	7	–	2	–	2	–	1	(26)
Credit/(charge) to equity	–	–	1	(1)	–	94	–	13	107
Exchange differences	(7)	(2)	2	1	–	2	–	–	(4)
At 31 January 2023	(215)	(56)	130	44	1	(99)	(1)	7	(189)

At the balance sheet date, the Group has unused trading tax losses of £223m (2022/23: £215m) available for offset against future profits. A deferred tax asset has been recognised in respect of £1m of such losses (2022/23: £1m). No deferred tax asset has been recognised in respect of the remaining £222m (2022/23: £214m) due to the unpredictability of future profit streams. Included in this amount there are tax losses arising in Romania of £149m (2022/23: £141m) which can only be carried forward for a maximum of seven years. Of these, £10m will expire in the next twelve months, £98m in the next two to five years, and £41m in the next six to seven years. Other unrecognised losses may be carried forward indefinitely.

At the balance sheet date, the Group also has unused capital tax losses of £10m (2022/23: £10m) available for offset against future capital gains. No deferred tax asset has been recognised in the year in respect of such losses (2022/23: £nil). All of these losses may be carried forward indefinitely.

A deferred tax liability of £1m (2022/23: £1m) has been recognised in the period, reflecting the withholding tax anticipated to arise in light of a planned repatriation of certain earnings that were generated in the current year. Except for this liability, all other unremitted earnings of overseas subsidiaries and joint ventures are continually reinvested by the Group. Therefore, as no tax is expected to be payable on these earnings in the foreseeable future, no deferred tax liabilities are recorded in relation to them. Additional earnings which could be remitted on which there would be tax to pay total £241m (2022/23: £235m).

27 Provisions

£ millions	Onerous property contracts	Restructuring	Total
At 1 February 2023	**4**	**16**	**20**
Charged to income statement	**–**	**6**	**6**
Released to income statement	**(2)**	**–**	**(2)**
Utilised in the year	**–**	**(7)**	**(7)**
Exchange differences	**–**	**(1)**	**(1)**
At 31 January 2024	**2**	**14**	**16**
Current liabilities	**1**	**8**	**9**
Non-current liabilities	**1**	**6**	**7**
	2	**14**	**16**

Onerous property contracts exclude contracts related to restructuring programmes which are included in the restructuring provisions. The provisions are based on the present value of future cash outflows relating to rates and service charges. Rental obligations under onerous property contracts are included within lease liabilities.

Restructuring provisions include both the cost of people change and the cost to exit stores and property contracts.

Restructuring provisions predominately relate to costs in France to restructure the business as part of the Group's legacy transformation and store closure plans. Amounts charged to the income statement in the current year of £6m are principally related to operating model restructuring costs incurred in the year. Refer to note 6 for further details.

The ultimate costs and timing of cash flows related to the above provisions are largely dependent on the timing of the related people costs.

28 Post-employment benefits

The Group operates a variety of post-employment benefit arrangements covering both funded and unfunded defined benefit schemes and defined contribution schemes. The most significant defined benefit and defined contribution schemes are in the UK. The principal overseas defined benefit schemes are in France, where they are mainly retirement indemnity in nature.

Defined contribution schemes

Costs for the Group's defined contribution pension schemes, at rates specified in the individual schemes' rules, are as follows:

£ millions	**2023/24**	2022/23
Charge to operating profit	**50**	47

From July 2012, an enhanced defined contribution pension scheme was offered to all UK employees. Eligible UK employees have been automatically enrolled into the scheme since 31 March 2013.

Defined benefit schemes

The Group's principal defined benefit arrangement is its funded, final salary pension scheme in the UK. This scheme was closed to new entrants from April 2004 and was closed to future benefit accrual from July 2012.

The scheme operates under trust law and is managed and administered by the Trustee on behalf of members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Trustee Board consists of ten Trustee Directors, made up of five employer-appointed Directors, one independent Director and four member-nominated Directors. The Trustee Board delegates day-to-day administration of the scheme to the Group pensions department of Kingfisher plc.

The main risk to the Group is that additional contributions are required if investment returns and demographic experience are worse than expected. The scheme therefore exposes the Group to actuarial risks, such as longevity risk, currency risk, inflation risk, interest rate risk and market (investment) risk. The Trustee Board regularly reviews such risks and mitigating controls, with a risk register being formally approved on an annual basis. The assets of the scheme are held separately from the Group and the Trustee's investment strategy includes a planned medium-term de-risking of assets, switching from return-seeking to liability-matching assets. Other de-risking activities have included the scheme acquiring an interest in a property partnership, as set out further below, and entering into bulk annuities.

A full actuarial valuation of the scheme is carried out every three years by an independent actuary for the Trustee and the last full valuation was carried out as at 31 March 2022. Following this valuation and in accordance with the scheme's Statement of Funding Principles, the Trustee and Kingfisher have agreed to cease annual employer contributions during the period from August 2022 to July 2025. This agreement has been reached with reference to a funding objective that targets a longer-term, low risk funding position in excess of the minimum statutory funding requirements. This longer-term objective is based on the principle of the scheme reaching a point where it can provide benefits to members with a high level of security, thereby limiting its reliance on the employer for future support. The Company monitors the scheme funding level on a regular basis and will reassess with the scheme Trustee the appropriate level of contributions at future valuations.

The Trust Deed provides Kingfisher with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of, the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

28 Post-employment benefits continued

The Group is aware of the High Court ruling in the case of Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors and the subsequent appeal by Virgin Media Ltd, scheduled for 25 June 2024. The Group is monitoring the outcome of the appeal, and any additional hearings, as well as confirmation from the Government as to whether it will issue new regulations in response to this issue.

UK scheme interest in property partnership

In 2010/11, the Group established a partnership, Kingfisher Scottish Limited Partnership ('Kingfisher SLP'), as part of an arrangement with the UK scheme Trustee to address an element of the scheme deficit and provide greater security to the Trustee. The partnership interests are held by the Group and by the scheme, the latter resulting from investments of £78m and £106m made by the Trustee in January and June 2011 respectively. These investments followed Group contributions of the same amounts into the scheme. In accordance with IAS 19, 'Employee benefits', the investments held by the scheme in Kingfisher SLP do not represent plan assets for the purposes of the Group's consolidated financial statements. Accordingly, the reported pension position does not reflect these investments.

UK property assets with market values of £83m and £119m were transferred, in January 2011 and June 2011 respectively, into the partnership and leased back to B&Q Limited. The Group retains control over these properties, including the flexibility to substitute alternative properties. The Trustee has a first charge over the properties in the event that Kingfisher plc becomes insolvent. The scheme's partnership interest entitles it to much of the income of the partnership over the 20-year period of the arrangement. At the end of this term, Kingfisher plc has the option to acquire the Trustee's partnership interest in Kingfisher SLP.

The Group has control over the partnership and therefore it is consolidated in these Group financial statements. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnership's accounts.

Income statement

			2023/24			2022/23
£ millions	**UK**	**Overseas**	**Total**	UK	Overseas	Total
Amounts charged/(credited) to operating profit						
Current service cost	**3**	**8**	**11**	3	10	13
Past service credit	**–**	**(3)**	**(3)**	–	–	–
Administration costs	**4**	**–**	**4**	4	–	4
	7	**5**	**12**	7	10	17
Amounts (credited)/charged to net finance costs						
Net interest (income)/expense	**(11)**	**4**	**(7)**	(12)	1	(11)
Total (credited)/charged to income statement	**(4)**	**9**	**5**	(5)	11	6

Of the net charge to operating profit, a £8m charge (2022/23: £13m) and £4m charge (2022/23: £4m) are included in selling and distribution expenses and administrative expenses respectively. Remeasurement gains and losses have been reported in the statement of comprehensive income.

Balance sheet

£ millions	UK	Overseas	Total	UK	Overseas	Total
			2023/24			2022/23
Present value of defined benefit obligations	**(1,826)**	**(133)**	**(1,959)**	(1,979)	(134)	(2,113)
Fair value of scheme assets	**2,038**	**20**	**2,058**	2,230	20	2,250
Net surplus/(deficit) in schemes	**212**	**(113)**	**99**	251	(114)	137

Movements in the surplus or deficit are as follows:

£ millions	UK	Overseas	Total	UK	Overseas	Total
			2023/24			2022/23
Net surplus/(deficit) in schemes at beginning of year	**251**	**(114)**	**137**	540	(130)	410
Current service cost	**(3)**	**(8)**	**(11)**	(3)	(10)	(13)
Past service credit	**–**	**3**	**3**	–	–	–
Administration costs	**(4)**	**–**	**(4)**	(4)	–	(4)
Net interest income/(expense)	**11**	**(4)**	**7**	12	(1)	11
Net remeasurement (losses)/gains	**(43)**	**1**	**(42)**	(308)	30	(278)
Contributions paid by employer	**–**	**5**	**5**	14	4	18
Exchange differences	**–**	**4**	**4**	–	(7)	(7)
Net surplus/(deficit) in schemes at end of year	**212**	**(113)**	**99**	251	(114)	137

Movements in the present value of defined benefit obligations are as follows:

£ millions	UK	Overseas	Total	UK	Overseas	Total
			2023/24			2022/23
Present value of defined benefit obligations at beginning of year	**(1,979)**	**(134)**	**(2,113)**	(2,934)	(150)	(3,084)
Current service cost	**(3)**	**(8)**	**(11)**	(3)	(10)	(13)
Past service credit	**–**	**3**	**3**	–	–	–
Interest expense	**(87)**	**(4)**	**(91)**	(63)	(1)	(64)
Remeasurement gains/(losses) – changes in financial assumptions	**136**	**(2)**	**134**	1,003	32	1,035
Remeasurement gains/(losses) – changes in demographic assumptions	**54**	**–**	**54**	(41)	(3)	(44)
Remeasurement (losses)/gains – experience adjustments	**(34)**	**3**	**(31)**	(59)	1	(58)
Benefits paid	**87**	**5**	**92**	118	4	122
Exchange differences	**–**	**4**	**4**	–	(7)	(7)
Present value of defined benefit obligations at end of year	**(1,826)**	**(133)**	**(1,959)**	(1,979)	(134)	(2,113)

The present value of UK scheme defined benefit obligations is 50% (2022/23: 51%) in respect of deferred members and 50% (2022/23: 49%) in respect of current pensioners.

The weighted average duration of the UK scheme obligations at the end of the year is 15 years (2022/23: 16 years).

28 Post-employment benefits continued

Movements in the fair value of scheme assets are as follows:

	2023/24			2022/23		
£ millions	UK	Overseas	Total	UK	Overseas	Total
Fair value of scheme assets at beginning of year	**2,230**	**20**	**2,250**	3,474	20	3,494
Administration costs	**(4)**	**–**	**(4)**	(4)	–	(4)
Interest income	**98**	**–**	**98**	75	–	75
Remeasurement losses – actual return less interest income	**(199)**	**–**	**(199)**	(1,211)	–	(1,211)
Contributions paid by employer	**–**	**5**	**5**	14	4	18
Benefits paid	**(87)**	**(5)**	**(92)**	(118)	(4)	(122)
Fair value of scheme assets at end of year	**2,038**	**20**	**2,058**	2,230	20	2,250

The fair value of scheme assets is analysed as follows:

	2023/24				2022/23			
£ millions	UK	Overseas	Total	% of total	UK	Overseas	Total	% of total
Government bonds[1]	**712**	**–**	**712**	**34%**	750	–	750	33%
Corporate bonds	**332**	**–**	**332**	**16%**	322	–	322	14%
Derivatives	**(49)**	**–**	**(49)**	**(2)%**	(16)	–	(16)	(1)%
Equities	**33**	**–**	**33**	**2%**	46	–	46	2%
Annuities	**783**	**–**	**783**	**38%**	842	–	842	38%
Cash and other	**227**	**20**	**247**	**12%**	286	20	306	14%
Total fair value of scheme assets	**2,038**	**20**	**2,058**	**100%**	2,230	20	2,250	100%

1. Including LDI repurchase agreement liabilities.

All UK scheme assets have quoted prices in active markets, except for £912m (2022/23: £1,078m) of annuity and other assets.

To reduce volatility risk a liability driven investment ('LDI') strategy forms part of the Trustee's management of the UK defined benefit scheme's assets, including government bonds, corporate bonds and derivatives. The government bond assets category in the table above includes gross assets of £1.2bn (2022/23: £1.2bn) and associated repurchase agreement liabilities of £0.5bn (2022/23: £0.4bn). Repurchase agreements are entered into with counterparties to better offset the scheme's exposure to interest and inflation rates, whilst remaining invested in assets of a similar risk profile. Interest rate and inflation rate derivatives are also employed to complement the use of fixed and index-linked bonds in matching the profile of the scheme's liabilities.

Following an agreement with the Trustee as part of the 2022 triennial funding valuation, no contributions are expected to be paid to the UK and overseas pension schemes by the Group during the next financial year.

Principal actuarial valuation assumptions

The assumptions used in calculating the costs and obligations of the Group's defined benefit pension schemes are set by the Directors after consultation with independent professionally qualified actuaries. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations, as illustrated in the sensitivity analysis.

The UK scheme discount rate is derived using a single equivalent discount rate approach, based on the yields available on a portfolio of high-quality Sterling corporate bonds with the same duration as that of the scheme liabilities.

	2023/24		2022/23	
Annual % rate	UK	Overseas	UK	Overseas
Discount rate	**4.85**	**3.45**	4.50	3.50
Price inflation	**3.10**	**2.40**	3.25	2.40
Rate of pension increases	**2.95**	**–**	3.15	–
Salary escalation	**n/a**	**2.40**	n/a	2.40

For the UK scheme, the mortality assumptions used for IAS 19 purposes have been selected with regard to the characteristics and experience of the membership of the scheme as assessed from time to time relating to triennial funding valuations. The base mortality assumptions have been derived using an analysis of current mortality rates carried out by Club Vita for the Trustee and the CMI life expectancy projection model data published by the UK actuarial profession. The latter allowance is in line with CMI 2022 improvements subject to a long-term rate of 1.5% p.a. for both males and females. The assumptions for life expectancy of UK scheme members are as follows:

Years	2023/24	2022/23
Age to which current pensioners are expected to live (60 now)		
– Male	**85.6**	86.2
– Female	**88.3**	88.7
Age to which future pensioners are expected to live (60 in 15 years' time)		
– Male	**86.9**	87.5
– Female	**90.4**	90.8

The following sensitivity analysis for the UK scheme shows the estimated impact on the obligation resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £137m
Price inflation	Increase/decrease by 0.5%	Increase/decrease by £120m
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £113m
Mortality	Increase/decrease in life expectancy by one year	Increase/decrease by £66m

Due to the asset-liability matching investment strategy, the above impacts on the obligations of changes in discount rate and price inflation would be significantly offset by movements in the fair value of the scheme assets.

29 Share capital

	Number of ordinary shares millions	Ordinary share capital £ millions
Allotted, called up and fully paid:		
At 1 February 2023	**1,940**	**305**
New shares issued under share schemes	**2**	**–**
Purchase of own shares for cancellation	**(67)**	**(11)**
At 31 January 2024	**1,875**	**294**
At 1 February 2022	2,066	325
New shares issued under share schemes	5	1
Purchase of own shares for cancellation	(131)	(21)
At 31 January 2023	1,940	305

Ordinary shares have a par value of $15^{5/7}$ pence per share and carry full voting, dividend and capital distribution rights.

During the year the Group purchased 67 million (2022/23: 131 million) of the Company's own shares for cancellation at a cost of £160m (2022/23: £337m) as part of its capital returns programme.

30 Other reserves

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
				2023/24
At 1 February 2023	**150**	**(24)**	**159**	**285**
Inventory cash flow hedges – fair value losses	**–**	**(32)**	**–**	**(32)**
Tax on items that will not be reclassified subsequently to profit or loss	**–**	**6**	**–**	**6**
Currency translation differences				
Group	**(3)**	**–**	**–**	**(3)**
Joint ventures and associates	**(1)**	**–**	**–**	**(1)**
Transferred to income statement	**(2)**	**–**	**–**	**(2)**
Inventory cash flow hedges – losses transferred to income statement	**–**	**12**	**–**	**12**
Tax on items that may be reclassified subsequently to profit or loss	**–**	**(2)**	**–**	**(2)**
Other comprehensive expense for the year	**(6)**	**(16)**	**–**	**(22)**
Inventory cash flow hedges – losses transferred to inventories	**–**	**33**	**–**	**33**
Tax on equity items	**–**	**(6)**	**–**	**(6)**
At 31 January 2024	**144**	**(13)**	**159**	**290**

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
				2022/23
At 1 February 2022	10	27	159	196
Inventory cash flow hedges – fair value gains	–	58	–	58
Tax on items that will not be reclassified subsequently to profit or loss	–	(12)	–	(12)
Currency translation differences				
Group	129	–	–	129
Joint ventures and associates	11	–	–	11
Inventory cash flow hedges – gains transferred to income statement	–	(5)	–	(5)
Other comprehensive income for the year	140	41	–	181
Inventory cash flow hedges – gains transferred to inventories	–	(117)	–	(117)
Tax on equity items	–	25	–	25
At 31 January 2023	150	(24)	159	285

The 'other' category of reserves represents the premium on the issue of convertible loan stock in 1993 and the merger reserve relating to the acquisition of Darty in 1993.

31 Share-based payments

	2023/24 Number of options thousands	2023/24 Weighted average exercise price £	2022/23 Number of options thousands	2022/23 Weighted average exercise price £
Outstanding at beginning of year	**58,946**	**0.52**	50,503	0.62
Granted during the year[1]	**25,235**	**0.45**	24,133	0.55
Forfeited and expired during the year	**(5,470)**	**1.12**	(3,445)	1.59
Exercised during the year	**(7,375)**	**0.45**	(12,245)	0.68
Outstanding at end of year	**71,336**	**0.46**	58,946	0.52
Exercisable at end of year	**6,854**	**0.52**	5,976	0.45

1. The weighted average exercise price for options granted during the year represents a blend of nil price Performance Share Plan and Alignment Share awards, and discounted Sharesave options (see below)

Information on the share schemes is given in note 12 of the Company's separate financial statements.

Options have been exercised on a regular basis throughout the year. On that basis, the average share price during the year, rather than at the date of exercise, is £2.41 (2022/23: £2.53). The options outstanding at the end of the year have exercise prices ranging from nil to £2.75 and a weighted average remaining contractual life of 5.4 years (2022/23: 5.6 years).

The Group recognised a total expense of £22m in the year ended 31 January 2024 (2022/23: £19m) relating to equity-settled share-based payment transactions.

The fair value of share options and deferred shares is determined by independent valuers using Black-Scholes and stochastic option pricing models. The inputs of the principal schemes into these models are as follows:

	Date of grant	Share price at grant £	Exercise price £	Expected life[1] years	Expected volatility[2] %	Dividend yield[3] %	Risk free rate[4] %	Fair value £
Kingfisher Incentive Share Plan – Deferred Bonus Awards	21/04/16	3.61	–	7	–	–	–	3.61
	03/05/17	3.40	–	7	–	–	–	3.40
	23/04/18	3.09	–	7	–	–	–	3.09
	24/04/19	2.63	–	7	–	–	–	2.63
Performance Share Plan	24/06/22	2.43	–	10	–	–	–	2.43
	21/10/22	2.04	–	10	–	–	–	2.43
	20/04/23	2.57	–	10	–	–	–	2.57
	18/10/23	2.04	–	10	–	–	–	2.57
UK and International Sharesave	01/11/16	3.64	3.06	5.5	23.5%	2.8%	0.7%	0.39
	31/10/17	3.13	2.42	3.5	22.8%	3.4%	0.6%	0.43
	31/10/17	3.13	2.42	5.5	22.3%	3.4%	0.8%	0.34
	01/11/18	2.62	2.06	3.5	23.2%	4.1%	1.1%	0.33
	01/11/18	2.62	2.06	5.5	23.0%	4.1%	0.8%	0.27
	01/11/19	2.07	1.59	3.5	25.7%	5.2%	0.4%	0.39
	01/11/19	2.07	1.59	5.5	25.1%	5.2%	0.4%	0.35
	29/10/20	2.88	2.37	3.5	37.0%	2.8%	0.0%	0.80
	29/10/20	2.88	2.37	5.5	32.4%	2.8%	0.0%	0.77
	28/10/21	3.31	2.75	3.5	37.4%	3.6%	0.7%	0.88
	28/10/21	3.31	2.75	5.5	32.6%	3.6%	0.8%	0.82
	28/10/22	2.15	1.77	3.5	38.1%	5.8%	3.3%	0.56
	28/10/22	2.15	1.77	5.5	34.0%	5.8%	3.5%	0.53
	27/10/23	2.05	1.77	3.5	28.3%	6.1%	4.5%	0.40
	27/10/23	2.05	1.77	5.5	34.4%	6.1%	4.3%	0.48
Alignment Shares	19/07/16	3.32	–	10	–	–	–	3.32
	24/04/17	3.37	–	10	–	–	–	3.37
	23/10/17	3.03	–	10	–	–	–	3.03
	23/04/18	3.09	–	10	–	–	–	3.09
	29/10/18	2.50	–	10	–	–	–	2.50
	24/04/19	2.63	–	10	–	–	–	2.55
	30/07/19	2.23	–	10	–	–	–	2.04
	21/10/19	2.15	–	10	–	–	–	2.05
	28/07/20	2.49	–	10	–	–	–	2.38
	23/10/20	3.20	–	10	–	–	–	3.20
	22/04/21	3.60	–	10	–	–	–	3.46
	21/10/21	3.41	–	10	–	–	–	3.41
Transformation Incentive	19/07/16	3.32	–	10	–	–	–	3.32
Delivering Value Incentive	30/07/19	2.24	–	10	–	–	–	1.75
	04/05/21	3.57	–	10	–	–	–	3.19

1. Expected life is disclosed based on the UK schemes. For the Kingfisher Incentive Share Plan scheme in the UK, the expiry date is 7 years from the date of grant. For the Performance Share Plan, Transformation Incentive award and Alignment Share award the expiry date is 10 years from the date of grant. Expiry of the overseas Alignment Share award is 3 years from the date of grant.
2. Expected volatility was determined for each individual award (or relevant components of an award), by calculating the historical volatility of the Group's share price (plus reinvested dividends) immediately prior to the grant of the award, over the same period as the vesting period of each award, adjusted by expectations of future volatility.
3. As these awards are made under an approved SAYE scheme, option holders cannot be compensated for dividends foregone. As such the historical dividend yield is used, calculated as dividends announced in the 12 months prior to grant as a percentage of the share price on the date of grant.
4. Risk free rate was determined for each individual award (or relevant components of an award).

Notes to the consolidated financial statements continued

32 Cash generated by operations

£ millions	2023/24	2022/23
Operating profit	**580**	723
Share of post-tax results of joint ventures and associates	**1**	(5)
Depreciation and amortisation	**641**	582
Net impairment losses	**87**	155
Gain on disposal of investments in associates	**(2)**	–
Lease gains	**(7)**	(2)
Share-based compensation charge	**22**	19
Decrease/(increase) in inventories	**132**	(234)
Increase in trade and other receivables	**(6)**	(44)
Decrease in trade and other payables	**(14)**	(196)
Movement in provisions	**(3)**	(13)
Movement in post-employment benefits	**7**	(1)
Cash generated by operations	**1,438**	984

33 Net debt

£ millions	2023/24	2022/23
Cash and cash equivalents	**360**	286
Bank overdrafts	**(7)**	(16)
Cash and cash equivalents and bank overdrafts	**353**	270
Bank loans	**(3)**	(3)
Fixed term debt	**(99)**	(99)
Lease liabilities	**(2,367)**	(2,444)
Net financing derivatives	**–**	2
Net debt	**(2,116)**	(2,274)

£ millions	2023/24	2022/23
Net debt at beginning of year	**(2,274)**	(1,572)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**84**	(555)
Issue of fixed term debt	**–**	(99)
Net cash flow[1]	**84**	(654)
Movements in lease liabilities	**71**	(41)
Exchange differences and other non-cash movements	**3**	(7)
Net debt at end of year	**(2,116)**	(2,274)

1. Refer to the glossary for the definition of net cash flow.

£ millions	Borrowings (excluding bank overdrafts)	Net financing derivatives	Lease liabilities	Contract to purchase own shares for cancellation	Total financing liabilities
					2023/24
At 1 February 2023	**(102)**	**2**	**(2,444)**	**(7)**	**(2,551)**
Lease rental payments	**–**	**–**	**474**	**–**	**474**
Shares purchased for cancellation	**–**	**–**	**–**	**160**	**160**
Interest paid	**7**	**–**	**–**	**–**	**7**
Cash outflow relating to financing liabilities	**7**	**–**	**474**	**160**	**641**
Interest charge	**(7)**	**–**	**(126)**	**–**	**(133)**
Lease liability additions	**–**	**–**	**(253)**	**–**	**(253)**
Other movements in lease liabilities	**–**	**–**	**(26)**	**–**	**(26)**
Recognised liability due to share purchase commitments	**–**	**–**	**–**	**(153)**	**(153)**
Fair value movements and exchange differences	**–**	**(2)**	**8**	**–**	**6**
At 31 January 2024	**(102)**	**–**	**(2,367)**	**–**	**(2,469)**

£ millions	Borrowings (excluding bank overdrafts)	Net financing derivatives	Lease liabilities	Contract to purchase own shares for cancellation	Total financing liabilities
					2022/23
At 1 February 2022	(2)	(3)	(2,376)	(69)	(2,450)
Issue of fixed term debt	(99)	–	–	–	(99)
Lease rental payments	–	–	453	–	453
Shares purchased for cancellation	–	–	–	337	337
Interest paid	1	3	–	–	4
Cash (inflow)/outflow relating to financing liabilities	(98)	3	453	337	695
Interest charge	(1)	(3)	(124)	–	(128)
Lease liability additions	–	–	(335)	–	(335)
Other movements in lease liabilities	–	–	(35)	–	(35)
Recognised liability due to share purchase commitments	–	–	–	(275)	(275)
Amortisation of issue costs	(1)	–	–	–	(1)
Fair value movements and exchange differences	–	5	(27)	–	(22)
At 31 January 2023	(102)	2	(2,444)	(7)	(2,551)

34 Commitments

Capital commitments contracted but not provided for by the Group at 31 January 2024 amount to £31m (2022/23: £19m).

Notes to the consolidated financial statements continued

35 Contingent liabilities

The Group is subject to claims and litigation arising in the ordinary course of business and provision is made where liabilities are considered likely to arise on the basis of current information and legal advice.

The Group files tax returns in many jurisdictions around the world and at any one time is subject to periodic tax audits in the ordinary course of its business. Applicable tax laws and regulations are subject to differing interpretations and the resolution of a final tax position can take several years to complete. Where it is considered that future tax liabilities are more likely than not to arise, an appropriate provision is recognised in the financial statements.

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption section of the UK controlled foreign company rules. While the Group has complied with the requirements of UK tax law in force at the time, in April 2019 the European Commission concluded that aspects of the UK controlled foreign company regime partially constitute illegal state aid. In January 2021, the Group received a charging notice from HM Revenue & Customs for £57m, which was paid in February 2021, with a further £7m interest paid in April 2021.

The UK Government and the Group, along with other UK-based multinational groups, appealed the European Commission decision to the European Courts. In June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. This decision has been appealed to the European Court of Justice and the hearing took place on 10 January 2024. The Advocate General's opinion is expected on 11 April 2024 and the final decision will follow after that, the date of which is not known.

The final impact on the Group remains uncertain but, based upon advice taken, the Group continues to consider that the amount paid of £64m plus accrued interest of £4m, which is included in non-current assets, will ultimately be recovered.

Whilst the procedures that must be followed to resolve these types of tax issues make it likely that it will be some years before the eventual outcome is known, the Group does not currently consider the likelihood of adverse outcomes in relation to these matters (other than those matters for which liabilities have already been recorded) to be probable.

36 Related party transactions

During the year, the Group carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties, the nature of these transactions and their total value are shown below:

	2023/24		2022/23	
£ millions	**Income**	**Receivable**	Income	Receivable
Transactions with Koçtaş Yapı Marketleri Ticaret A.Ş. in which the Group holds a 50% interest				
Commission and other income	**0.5**	**–**	0.3	–
Transactions with Crealfi S.A. in which the Group held a 49% interest				
Provision of employee services	**0.1**	**–**	0.2	–
Commission and other income	**1.5**	**–**	3.9	1.1
Transactions with the Kingfisher Pension Scheme				
Provision of administrative services	**0.8**	**0.2**	0.9	0.2

Services are usually negotiated with related parties on a cost-plus basis. Goods are sold or bought on the basis of the price lists in force with non-related parties.

The remuneration of key management personnel is given in note 9.

Other transactions with the Kingfisher Pension Scheme are detailed in note 28.

37 Post balance sheet events

An accounting surplus is recognised for the UK defined benefit pension scheme – refer to note 28. The surplus has been recognised on the basis that the future economic benefits are unconditionally available to the Group, which is assumed to be via a refund assuming the full settlement of plan liabilities in the event of a plan wind-up. On 22 November 2023, the UK government announced that the authorised surplus payments charge would be reduced from 35% to 25% from 6 April 2024. The legislation had not been substantively enacted as at 31 January 2024 and the corresponding deferred tax liability therefore continues to be recognised at 35% at the balance sheet date, although this was enacted on 11 March 2024. Should this legislation have been enacted at the year-end this would have resulted in a reduction in the deferred tax liability of £32m with a corresponding credit to other comprehensive income.

Company balance sheet

At 31 January 2024

£ millions	Notes	**2023/24**	2022/23
Non-current assets			
Property, plant and equipment		**7**	8
Right-of-use assets	4	**12**	13
Trade and other receivables	6	**2,974**	3,472
Investment in subsidiary	5	**6,829**	6,833
Post-employment benefits	10	**9**	10
Deferred tax assets		**8**	6
		9,839	10,342
Current assets			
Trade and other receivables	6	**46**	1,295
Derivative assets	9	**–**	2
Current tax assets		**84**	77
Cash and cash equivalents		**113**	93
		243	1,467
Total assets		**10,082**	11,809
Current liabilities			
Trade and other payables	7	**(5,234)**	(6,518)
		(5,234)	(6,518)
Non-current liabilities			
Borrowings	8	**(99)**	(99)
Lease liabilities	4	**(13)**	(13)
		(112)	(112)
Total liabilities		**(5,346)**	(6,630)
Net assets		**4,736**	5,179
Equity			
Share capital	11	**294**	305
Share premium		**2,228**	2,228
Own shares held in ESOP trust		**(31)**	(22)
Retained earnings		**1,452**	1,886
Capital redemption reserve		**82**	71
Other reserves		**711**	711
Total equity		**4,736**	5,179

The Company's loss for the year was £55m (2022/23: loss of £18m).

The financial statements of Kingfisher plc (company number 01664812) were approved by the Board of Directors on 24 March 2024 and signed on its behalf by:

Thierry Garnier
Chief Executive Officer

Bernard Bot
Chief Financial Officer

Company statement of changes in equity

Year ended 31 January 2024

£ millions	Notes	Share capital (note 11)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves[1]	Total equity
								2023/24
At 1 February 2023		**305**	**2,228**	**(22)**	**1,886**	**71**	**711**	**5,179**
Loss for the year		–	–	–	(55)	–	–	(55)
Other comprehensive expense for the year		–	–	–	(1)	–	–	(1)
Total comprehensive expense for the year		–	–	–	(56)	–	–	(56)
Share-based compensation	12	–	–	–	5	–	–	5
Capital contributions given relating to share-based payments		–	–	–	16	–	–	16
New shares issued under share schemes		–	–	–	4	–	–	4
Own shares issued under share schemes		–	–	15	(15)	–	–	–
Purchase of own shares for cancellation		(11)	–	–	(153)	11	–	(153)
Purchase of own shares for ESOP trust		–	–	(24)	–	–	–	(24)
Dividends		–	–	–	(237)	–	–	(237)
Tax on equity items		–	–	–	2	–	–	2
At 31 January 2024		**294**	**2,228**	**(31)**	**1,452**	**82**	**711**	**4,736**

£ millions	Notes	Share capital (note 11)	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves[1]	Total equity
								2022/23
At 1 February 2022		325	2,228	(46)	2,428	50	711	5,696
Loss for the year		–	–	–	(18)	–	–	(18)
Other comprehensive expense for the year		–	–	–	(7)	–	–	(7)
Total comprehensive expense for the year		–	–	–	(25)	–	–	(25)
Share-based compensation	12	–	–	–	3	–	–	3
Capital contributions given relating to share-based payments		–	–	–	18	–	–	18
New shares issued under share schemes		1	–	–	7	–	–	8
Own shares issued under share schemes		–	–	24	(24)	–	–	–
Purchase of own shares for cancellation		(21)	–	–	(275)	21	–	(275)
Dividends		–	–	–	(246)	–	–	(246)
At 31 January 2023		305	2,228	(22)	1,886	71	711	5,179

1. The other reserves represent the premium on the issue of convertible loan stock in 1993 and the merger reserve relating to the acquisition of Darty in 1993.

Notes to the Company financial statements

1 General information

The Company is a public company limited by shares and incorporated in England and Wales, United Kingdom, and is listed on the London Stock Exchange. The Company is non-trading and is the ultimate parent of the Kingfisher plc group ('the Group'). The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 67.

The address of its registered office is One Paddington Square, London, W2 1GG. A full list of related undertakings of the Company and their registered offices is given in note 14.

2 Principal accounting policies

The financial statements of Kingfisher plc ('the Company') are for the year ended 31 January 2024 ('the year' or '2023/24') and were authorised for issue by the Board of Directors on 24 March 2024. The comparative financial year is the year ended 31 January 2023 ('the prior year' or '2022/23').

The directors of Kingfisher plc consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 January 2024. Refer to note 2a of the consolidated financial statements for details of the Directors' assessment.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and as such these financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post-employment benefits.

As permitted by section 408 of the Companies Act 2006, the income statement of the Company has not been presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment';
- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Error';
- the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

Where required, equivalent disclosures are given in the consolidated financial statements of Kingfisher plc.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

Changes to accounting policies as a result of new standards issued and effective

Changes to accounting policies as a result of new standards issued and effective do not have a material impact on the Company's financial statements.

a. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange at the balance sheet date. Exchange differences on monetary items are taken to the income statement.

Principal rates of exchange against Sterling:

	2023/24 Year end rate	2022/23 Year end rate
Euro	**1.17**	1.13
US Dollar	**1.27**	1.23
Polish Zloty	**5.08**	5.34

The financial statements are presented in Sterling, which is the Company's presentation currency and the currency of the primary economic environment in which the entity operates (i.e. its functional currency).

Notes to the Company financial statements continued

2 Principal accounting policies continued

b. Leased assets

The Company assesses whether a contract is or contains a lease at inception of the contract. Typically, lease contracts relate to properties such as the Company's Head Office. For leases in which the Company is a lessee, the Company recognises a right-of-use asset and a lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The liability is initially measured at the present value of the lease payments not yet paid at the commencement date, discounted at an appropriate discount rate. Where the implicit rate in the lease is not readily determinable, an incremental borrowing rate is calculated and applied. The calculation methodology is based upon applying a financing spread to a risk-free rate, with the resulting rate including the effect of the creditworthiness of the Company, as well as the underlying term, currency and start date of the lease agreement.

Lease payments used in the measurement of the lease liability principally comprise fixed lease payments (subject to indexation/rent reviews) less any incentives. The lease liability is subsequently measured using an effective interest method whereby the carrying amount of the lease liability is measured on an amortised cost basis, and the interest expense is allocated over the lease term. The lease term comprises the non-cancellable lease term, in addition to optional periods when the Company is reasonably certain to exercise an option to extend (or not to terminate) a lease.

The Company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever an event occurs that changes the term or payment profile of a lease, such as the renewal of an existing lease, the exercise of lease term options, market rent reviews and indexation.

The right-of-use assets are initially measured at the amount equal to the lease liability, adjusted by any upfront lease payments or incentives and any initial direct costs incurred. Subsequently, the assets are measured at cost less accumulated depreciation and impairment losses.

c. Investments

Investments in subsidiaries are included in the balance sheet at cost, less any provisions for impairment.

d. Employee benefits

(i) Post-employment benefits

The Company operates defined benefit and defined contribution pension schemes for its employees. A defined benefit scheme is a pension scheme which defines an amount of pension benefit which an employee will receive on retirement. A defined contribution scheme is a pension scheme under which the Company usually pays fixed contributions into a separate entity. In all cases a separate fund is being accumulated to meet the accruing liabilities. The assets of each of these funds are held under trusts and are entirely separate from the Company's assets.

The asset or liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of scheme assets less the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income as they arise.

For defined contribution schemes, the Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(ii) Share-based compensation

The Company operates several equity-settled, share-based compensation schemes. The fair value of the employee services received in exchange for the grant of options or deferred shares is recognised as an expense and is calculated using Black-Scholes and stochastic models. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or deferred shares granted, excluding the impact of any non-market vesting conditions. The value of the charge is adjusted to reflect expected and actual levels of options vesting due to non-market vesting conditions.

The fair value of the compensation given to subsidiaries in respect of share-based compensation schemes is recognised as a capital contribution over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these schemes.

(iii) Employee Share Ownership Plan trust ('ESOP trust')

The ESOP trust is a separately administered discretionary trust. Liabilities of the ESOP trust are guaranteed by the Company and the assets of the ESOP trust mainly comprise shares in the Company.

Own shares held by the ESOP trust are deducted from equity and the shares are held at historical cost until they are sold. The assets, liabilities, income and costs of the ESOP trust are included in both the Company's and the consolidated financial statements.

e. Taxation

The tax currently payable or receivable is based on taxable profit or loss for the year.

Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense which are taxable or deductible in other years or which are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Deferred tax assets and liabilities are not generally recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are calculated using tax rates which have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the liability is settled or the asset is realised.

Current and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the current or deferred tax is also recognised directly in equity.

f. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

A provision is recorded if the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the net cost of exiting the contract.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

g. Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Company has substantially transferred the risks and rewards of ownership. Financial liabilities (or a part of a financial liability) are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and liabilities are offset only when the Group has a currently enforceable legal right to set-off the respective recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company has a number of term loans with its group entities. These loans are denominated in Sterling and Euro and are priced to SONIA and ESTR respectively.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(ii) Borrowings

Interest bearing borrowings are recorded at fair value (which is typically equivalent to the proceeds received) net of direct issue costs and subsequently measured at amortised cost. Where borrowings are in designated and effective fair value hedge relationships, adjustments are made to their carrying amounts to reflect the hedged risks. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are amortised to the income statement using the effective interest method.

(iii) Trade receivables

Trade receivables are initially recognised at their transaction price and are subsequently measured at amortised cost less any allowance for expected credit losses. Amounts owed by Group companies are recorded as non-current unless there is an expectation that they will be received within 12 months.

(iv) Trade payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

(v) Derivatives and hedge accounting

Where hedge accounting is not applied, or to the extent to which it is not effective, changes in the fair value of derivatives are recognised in the income statement as they arise.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently carried at fair value. The accounting treatment of derivatives and other financial instruments classified as hedges depends on their designation, which occurs at the start of the hedge relationship. The Company designates certain derivatives as a hedge of the fair value of an asset or liability ('fair value hedge').

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry being recorded in the income statement.

Notes to the Company financial statements continued

2 Principal accounting policies continued

In order to qualify for hedge accounting, the Company documents in advance the risk management objective and strategy for undertaking the hedge and the relationship between the item being hedged and the hedging instrument. The Company also documents and demonstrates an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis and provides an analysis of the sources of hedge ineffectiveness. The effectiveness testing is performed at half year and year end or upon a significant change in circumstances affecting the hedge effectiveness requirements.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date. Amortisation is based on recalculated effective interest rate.

The company does not have any cash flow hedging instruments.

h. Dividends

Interim dividends are recognised when they are paid to the Company's shareholders. Final dividends are recognised when they are approved by the Company's shareholders.

i. Share repurchases

Shares purchased for cancellation are deducted from retained earnings. The Group uses irrevocable closed period buyback programmes. A liability to purchase shares is recognised at inception of the programme with any subsequent reduction in the obligation credited back to retained earnings at the end of the programme. Share capital is reduced and credited to the capital redemption reserve, maintaining non-distributable reserves.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates.

There have been no critical accounting judgements made by the Directors or key sources of estimation uncertainty identified during the year.

3 Income statement disclosures

The audit fee for the Company and the consolidated financial statements is disclosed in note 8 of the Kingfisher plc consolidated financial statements. Fees payable to Deloitte LLP and their associates for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis. Details of the Company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Audit Committee report on pages 80 to 83.

Dividend disclosures are provided in note 12 to the Kingfisher plc consolidated financial statements.

£ millions	**2023/24**	2022/23
Wages and salaries	**36**	26
Social security costs	**5**	4
Post-employment benefits – defined contribution	**3**	2
Share-based compensation	**5**	3
Employee benefit expenses	**49**	35

Number	**2023/24**	2022/23
Average number of persons employed		
Administration	**306**	263

Directors' remuneration and details of share option exercises are disclosed in the Directors' Remuneration report on pages 84 to 109. Total Directors' remuneration for the year is £9m (2022/23: £4m).

As permitted by s408 of Companies Act 2006, no separate income statement or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

4 Leases

The Company is a lessee of office space.

Right-of-use assets

£ millions	**2023/24**	2022/23
Land and buildings	**12**	13
Net carrying amount	**12**	13

Additions to right-of-use assets during the year were £nil (2022/23: £13m).

Amounts included in profit and loss

£ millions	**2023/24**	2022/23
Depreciation of right-of-use assets		
Land and buildings	**(1)**	(1)

Other lease disclosures

Lease arrangements under which rental payments are contingent upon sales, other performance or usage are not significant for the Company.

There are no corporate restrictions imposed by lease arrangements such as those concerning dividends, additional debt and further leasing.

Lease liabilities

£ millions	**2023/24**	2022/23
Current	**–**	–
Non-current	**(13)**	(13)
	(13)	(13)

Notes to the Company financial statements continued

5 Investments

£ millions	Investment in subsidiary
At 1 February 2023	**6,833**
Capital contributions given relating to share-based payments	**16**
Contributions received relating to share-based payments	**(20)**
At 31 January 2024	**6,829**

At each reporting date an assessment is performed as to whether there are any indicators that the Company's investments may be impaired and, should such indicators exist, the recoverable amounts are estimated. At the balance sheet date, the Company's market capitalisation was less than the carrying amount of its investments which is an indicator of impairment.

Impairment reviews have been performed for the Company's investments with no resulting impairments. The Board has reviewed a sensitivity analysis and does not consider that a reasonably possible change in the assumptions used in the value-in-use calculations would cause the carrying amount of the Company's investments to exceed their recoverable amounts. See note 13 to the consolidated financial statements for further details on the assumptions used.

6 Trade and other receivables

£ millions	2023/24	2022/23
Non-current		
Owed by Group undertakings	**2,974**	3,472
	2,974	3,472
Current		
Owed by Group undertakings	**46**	1,295
	46	1,295
Trade and other receivables	**3,020**	4,767

Amounts owed by Group undertakings are repayable on demand and any interest due thereon is at current market rates. The amounts owed are not secured with collateral or guarantees. The Company has intercompany term loan receivables from other Group undertakings of £nil (2022/23: £307m) and £nil (2022/23: £983m). Both intercompany loans were repaid on 27 July 2023.

Amounts owed by subsidiary undertakings have been considered for impairment using the 12 months expected credit loss model because there have been no changes in credit risk since initial recognition. The expected credit losses on amounts owed by Group undertakings is £nil (2022/23: £nil).

7 Trade and other payables

£ millions	2023/24	2022/23
Current		
Owed to Group undertakings	**5,204**	6,484
Other taxation and social security	**5**	5
Contract to purchase own shares for cancellation	**–**	7
Accruals and other payables	**25**	22
	5,234	6,518

Amounts owed to Group undertakings are repayable on demand and any interest due thereon is at current market rates. The amounts owed are not secured with collateral or guarantees.

8 Borrowings

£ millions	2023/24	2022/23
Non-current		
Fixed term debt	**99**	99
	99	99

The fixed term debt represents two GBP term loans maturing in June 2025 and January 2026.

See notes 23 and 33 to the consolidated financial statements for further details.

9 Derivatives

The fair value of derivatives at the balance sheet date is:

£ millions	**2023/24**	2022/23
Foreign exchange contracts	**–**	2
Derivative assets	**–**	2

The fair values are calculated by discounting future cash flows arising from the instruments and adjusted for credit risk. These fair value measurements are all made using observable market rates of interest, foreign exchange and credit risk.

10 Post-employment benefits

The Company participates in both a funded defined benefit scheme and a funded defined contribution scheme.

Defined contribution scheme

Pension costs for the defined contribution scheme, at rates specified in the scheme's rules, are as follows:

£ millions	**2023/24**	2022/23
Charge to operating profit	**3**	2

From July 2012, an enhanced defined contribution scheme was offered to all Company employees. Eligible Company employees have been automatically enrolled into the defined contribution scheme since 31 March 2013.

Defined benefit scheme

Kingfisher plc is one of a number of Group companies that participate in the Kingfisher Pension Scheme, and therefore the Company has accounted for its share of the scheme assets and liabilities. The Group's policy is for each entity to recognise its share of assets and liabilities based on the proportion of the scheme contributions payable by that entity. The valuation of the scheme has been based on the most recent actuarial valuation as at 31 March 2022. Following this valuation and in accordance with the scheme's Statement of Funding Principles, the Trustee and Kingfisher have agreed to cease annual employer contributions during the period from August 2022 to July 2025. See note 28 to the consolidated financial statements for further detail on the Kingfisher Pension Scheme.

The final salary pension scheme was closed to future benefit accrual with effect from July 2012.

The Trust Deed provides Kingfisher with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of, the scheme. Based on these rights, any net surplus in the scheme is recognised in full.

In 2010/11 and 2011/12 the Company entered into two phases of a property partnership arrangement with the scheme Trustee to address an element of the scheme deficit. Further details on this arrangement are given in note 28 to the consolidated financial statements. The reported pension position reflects the Company's share of the resulting scheme asset.

Notes to the Company financial statements continued

10 Post-employment benefits continued

Balance sheet

Movements in the present value of the defined benefit obligation and the fair value of scheme assets are as follows:

£ millions	Defined benefit obligation	Scheme assets	Total
At 1 February 2023	**(58)**	**68**	**10**
Interest (expense)/income	**(3)**	**3**	**–**
Remeasurement gains/(losses)[1]	**5**	**(6)**	**(1)**
Benefits paid	**3**	**(3)**	**–**
At 31 January 2024	**(53)**	**62**	**9**
At 1 February 2022	(86)	106	20
Interest (expense)/income	(2)	3	1
Remeasurement gains/(losses)[1]	27	(38)	(11)
Benefits paid	3	(3)	–
At 31 January 2023	(58)	68	10

1. Remeasurement gains/(losses) are recognised in Other Comprehensive Income (net of related deferred tax).

The fair value of scheme assets is analysed as follows:

£ millions	**2023/24**	2022/23
Equities	**1**	1
Government and corporate bonds	**31**	32
Annuities	**23**	25
Cash and other	**7**	10
Total fair value of scheme assets	**62**	68

11 Called up share capital

	Number of ordinary shares millions	Ordinary share capital £ millions
Allotted, called up and fully paid:		
At 1 February 2023	**1,940**	**305**
New shares issued under share schemes	**2**	**–**
Purchase of own shares for cancellation	**(67)**	**(11)**
At 31 January 2024	**1,875**	**294**
At 1 February 2022	2,066	325
New shares issued under share schemes	5	1
Purchase of own shares for cancellation	(131)	(21)
At 31 January 2023	1,940	305

Ordinary shares have a par value of $15^{5/7}$ pence per share and carry full voting, dividend and capital distribution rights.

During the year the Company purchased 67 million (2022/23: 131 million) of the Company's own shares for cancellation at a cost of £160m (2022/23: £337m) as part of its capital returns programme.

12 Share-based payments

The Company operates a number of share incentive plans including the Performance Share Plan ('PSP'), Kingfisher Alignment Share and Transformation Incentive Plan ('KASTIP'), Kingfisher Incentive Share Plan ('KISP'), and Sharesave plans in the UK and Ireland.

Options have been exercised on a regular basis throughout the year. On that basis, the weighted average share price during the year, rather than at the date of exercise, is £2.41 (2022/23: £2.53). The options outstanding at the end of the year have exercise prices ranging from nil to £2.75 and a weighted average remaining contractual life of 6.9 years (2022/23: 6.6 years).

In the current year the Company recognised a total expense of £5m (2022/23: £3m) relating to equity-settled share-based payment transactions.

The Executive Directors' awards are disclosed in the Directors' Remuneration report on pages 84 to 109. The KASTIP awards are described as part of the Directors' Remuneration Report.

PSP awards are based on service and performance conditions over a three-year period. The KASTIP was granted based on a three-year service condition. Under the KISP, share awards are deferred for three years. The awards are granted as nil cost options. Vesting dates may vary according to individual grants.

Under the UK Sharesave scheme, eligible UK employees have been invited to enter into HMRC-approved savings contracts for a period of three or five years, whereby shares may be acquired with savings under the contract. The option price is the average market price over three days shortly before the invitation to subscribe, discounted by 20%. Options are exercisable within a six-month period from the conclusion of a three- or five-year period. The Irish Sharesave plan, which operates along similar lines to the UK Sharesave scheme, includes eligible employees in the Republic of Ireland.

The rules of all schemes include provision for the early exercise of options in certain circumstances.

The Employee Share Ownership Plan trust ('ESOP trust')

The ESOP trust is funded by an interest free loan from the Company of £83m (2022/23: £81m) to enable it to acquire shares in Kingfisher plc. The shares are used to satisfy options awarded under the PSP, Delivering Value Incentive award, Transformation Incentive Award, Alignment Share award and KISP.

The ESOP trust's shareholding at 31 January 2024 is 10 million shares (2022/23: 7 million shares) with a nominal value of £2m (2022/23: £1m) and a market value of £23m (2022/23: £19m). Dividends on these shares were waived for the interim and final dividends.

13 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties, the nature of these transactions and their total value are shown below:

	2023/24		2022/23	
£ millions	**Income**	**Receivable**	Income	Receivable
Transactions with Koçtaş Yapı Marketleri Ticaret A.Ş. in which the Kingfisher plc Group holds a 50% interest				
Commission and other income	**0.5**	**–**	0.3	–
Transactions with the Kingfisher Pension Scheme				
Provision of administrative services	**0.8**	**0.2**	0.9	0.2

Services are usually negotiated with related parties on a cost-plus basis. Goods are sold or bought on the basis of the price lists in force with non-related parties. Directors' remuneration and details of share option exercises are disclosed in the Directors' Remuneration report on pages 84 to 109. Other transactions with the Kingfisher Pension Scheme are detailed in note 10.

Notes to the Company financial statements continued

14 Related undertakings of the Group

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the address of their registered office and their country of incorporation as at 31 January 2024 is shown below. Changes to the list of related undertakings since the year-end date are detailed in the footnotes below. All undertakings are indirectly owned by the Company unless otherwise stated.

All related subsidiary undertakings, unless otherwise noted, are consolidated in the Group's financial statements, have only one class of share in issue (being ordinary shares), and have all their shares held by companies within the Group, other than the Company (Kingfisher plc).

Wholly-owned subsidiary undertakings

ADSR-Real Estate S.A.S.[1]
Alcedo Finance Limited[2]
B&Q (Retail) Guernsey Limited[3]
B&Q (Retail) Jersey Limited[4]
B&Q Ireland Limited[6]
B&Q Limited[a, 5]
B&Q Properties Chesterfield Limited[5]
B&Q Properties Chestnut Retail Park Limited[e, 5]
B&Q Properties Farnborough Limited[5]
B&Q Properties Investments Limited[20]
B&Q Properties Limited[5]
B&Q Properties New Malden Limited[5]
B&Q Properties Nursling Limited[e, 5]
B&Q Properties South Shields Limited[5]
B&Q Properties Sutton-in-Ashfield Limited[5]
B&Q Properties Swindon Limited[5]
B&Q Properties Witney Limited[5]
B&Q Properties Wrexham Limited[5]
Brico Depot Portugal, S.A.[9]
Brico Dépôt S.A.S.[10]
Bricostore Romania S.A.[11]
Castim Sp. z o.o.[12]
Castorama Polska Sp. z o.o[12]
Castorama France S.A.S.[13]
Dickens Limited[5]
Eijsvogel Finance Limited[2]
Euro Depot España SAU[14]
Euro Dépôt Immobilier S.A.S.[10]
Geared Up Limited[8]
Halcyon Finance Limited[2]
Horizons 1000 S.A.S.[10]
KF10 S.A.S.[31]
KF11 S.A.S.[31]
KFL8 S.A.S.[1]
KFS Sp. z o.o.[15]
Kingfisher (Shanghai) Sourcing Consultancy Co. Ltd[16]
Kingfisher Asia Limited[17]
Kingfisher Développement S.A.S.[1]
Kingfisher France Limited[2]
Kingfisher Group Finance B.V.[28]
Kingfisher Group Limited[2]
Kingfisher Holdings Limited[b, 2]
Kingfisher Information Technology Services (France) S.A.S.[1]
Kingfisher Information Technology Services (UK) Limited[2]
Kingfisher Insurance Designated Activity Company[19]
Kingfisher International France Limited[f, 7]
Kingfisher International Holdings Limited[2]
Kingfisher International Products B.V.[18]
Kingfisher International Products France S.A.S.[1]
Kingfisher International Products Limited[2]
Kingfisher Investissements S.A.S.[13]
Kingfisher Marketplaces Limited[g, 2]
Kingfisher Pension Trustee Limited[2]
Kingfisher Properties Investments Limited[2]
Kingfisher Retail Media France S.A.S.[27]
Kingfisher Sourcing, Eastern Europe, Sp. z o.o.[12]
Kingfisher TMB Limited[5]
KSO Istanbul Sourcing Ev Geliştirme Ürünleri ve Hizmetleri Ltd Sti[21]
L'Immobiliere Castorama S.A.S.[13]
Martin Pecheur Holdings Limited[22]
Melani 1 Sp. z o.o.[12]
New England Paint Company Limited[2]
Paddington Investment Ireland Limited[32]
Screwfix Direct (Ireland) Limited[6]
Screwfix Direct Limited[d, 8]
SCREWFIX S.A.S.[1]
Screwfix Spares Limited[8]
SFD Limited[8]
Sheldon Euro Investments Limited[2]
Sheldon Holdings Limited[2]
Sheldon Poland Investments Limited[2]
Société Letranne S.C.I[10]
SOCODI S.A.R.L.[1]
Trade Point Limited[5]
Zeus Land Investments Limited[2]

Related undertakings other than wholly-owned subsidiary undertakings

The undertakings denoted with an asterisk (*) are charitable entities/partnerships and do not have a share capital.

B&Q Foundation[5, *]
Fondation Brico Dépôt pour l'Habitat[26, *]
Fondation Castorama[26, *]
Fundatia Bricodepot[11, *]
Fundacja Castorama[12, *]
Fundación Brico Depôt Iberia[14, *]
Kingfisher Services S.A.S. (France, 80%)[30]
Kingfisher Scottish Limited Partnership[c, 20, *]
Koçtaş Yapı Marketleri Ticaret A.Ş. (Turkey, 50%)[23]
We Share Trust (Suisse) S.A.R.L (Switzerland, immediate parent undertaking 100%, Group undertaking 80%)[24]
The Screwfix Foundation[8, *]
UNIO S.A.S. (France, 50%)[29]
We Share Trust S.A.S. (France, immediate parent undertaking 95.02%, Group undertaking 76.02%)[h, 25]
We Share Trust Limited (UK, immediate parent undertaking 100%, Group undertaking 80%)[2]
WST Contracting S.A.S. (France, immediate parent undertaking 100%, Group undertaking 80%)[25]

a. Kingfisher Investissements S.A.S. holds 45,663,000 Ordinary shares of £0.05 each and 678,420,375 Ordinary shares of £1 each; Kingfisher plc holds 1,000 Special Shares of £0.05 each, and 1,000 Special A Shares of £0.05 each – each representing 100% of the nominal value of each class of share. These represent 100% of the total issued share capital.
b. The shares are held directly by Kingfisher plc.
c. Kingfisher Properties Investments Limited and Kingfisher Pension Trustee Limited are the limited partners; B&Q Properties Investments Limited is the general partner.
d. Kingfisher International Holdings Limited holds 4,083 Ordinary A shares of £1 each, 45,917 Ordinary C shares of £1 each and 4,591,700 Ordinary D Shares of £0.0001 each – each representing 100% of the nominal value of each class of share. These represent 100% of the total issued share capital.
e. Entities dissolved on 20 February 2024.
f. Entity in process of liquidation as at 31 January 2024.
g. Kingfisher International Holdings Limited holds 200 Ordinary A shares, 100 Ordinary B shares, 5 Ordinary C Shares, 5 Ordinary D Shares and 10 Ordinary E Shares – each of £1 and each representing 100% of the nominal value of each class of share. These represent 100% of the total issued share capital.
h. The total issued share capital comprises 101,890 Ordinary shares of €1 each and 6,416 Preference shares of €1 each.

Registered offices and country of incorporation:

1. Parc d'Activités, Templemars, 59175, France
2. 1 Paddington Square, London, England, W2 1GG, United Kingdom
3. Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey
4. 3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey
5. B&Q House, Chestnut Avenue, Chandlers Ford, Eastleigh, Hampshire, SO53 3LE, United Kingdom
6. 6th Floor, 2 Grand Canal Square, Dublin 2, D02 A342, Ireland
7. C/O Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT, United Kingdom
8. Trade House, Mead Avenue, Houndstone Business Park, Yeovil, Somerset, BA22 8RT, United Kingdom
9. Rua Elias García,Estrada Nacional 294, km 14, Freguesia de Rio de Mouro, Concelho de Sintra, Lisboa, Portugal
10. 30-32 Rue de la Tourelle, 91310 Longpont-sur-Orge, France
11. 1-3 Calea Giulesti, 2nd Floor, Bricostore Commercial Centre, District 6, Bucharest, Romania
12. ul. Krakowiaków 78, Warszawa, 02-255, Poland
13. Zone Industrielle, Templemars, 59175, France
14. C/la Selva, 10 Inblau Edificio A 1°, 08820 El Prat de Llobregat, Barcelona, Spain
15. ul. Wielicka 28, Kraków, 30-552, Poland
16. B&Q China, 4th Floor, B&Q Pudong Commercial Building, No. 393 Yin Xiao Road, Pudong New Area, Shanghai, 201204, China
17. 2/F, Koho, 73 – 75 Hung To Road, Kwun Tong, Hong Kong
18. Rapenburgerstraat 175 E, 1011 VM, Amsterdam, Netherlands
19. Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland
20. c/o Womble Bond Dickinson (UK) LLP, 2 Semple Street, Edinburgh, EH3 8BL, Scotland, United Kingdom
21. Barbaros Mahallesi Mor Sümbül Sokak, Nidakule Blok No: 7/3, İçkapı no: 127, Ataşehir/İstanbul, Turkey
22. 1st – 2nd Floors, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
23. Tasdelen Mahallesi Sirri Celik Bulvari Oto Koc Blok No:9 Cekmekoy, Istanbul, Turkey
24. Rue Saint-Léger, 19, c/o Fiducior SA, Genève, 1204, Switzerland
25. 37, rue Catherine de la Rochefoucauld, Paris, 75009, France
26. 40 Avenue Hoche, Paris, 75008, France
27. Route de l'Epinoy, Parc d'Activités, Templemars, 59175, France
28. Basisweg 10, 1043AP Amsterdam, Netherlands
29. 3, rue du Colonel Moll, Paris, 75017, France
30. Parc d'Activités, ZI Route de l'Epinoy, Templemars, 59175, France
31. Parc d'Activités, rue de l'Epinoy, Templemars, 59175, France
32. B. & Q. Warehouse, Liffey Valley Retail Park East, Ascail an Life, Dublin 22, Ireland

Group five year financial summary

£ millions	2019/20	2020/21	2021/22	2022/23	**2023/24**
Income statement					
Sales	11,513	12,343	13,183	13,059	**12,980**
Retail profit	786	1,003	1,148	923	**749**
Central costs	(62)	(54)	(60)	(49)	**(60)**
Share of interest and tax of joint ventures and associates before adjusting items	(7)	(3)	(2)	(4)	**(16)**
Net finance costs before adjusting items	(173)	(160)	(137)	(112)	**(105)**
Adjusted pre-tax profit	544	786	949	758	**568**
Adjusting items (before tax)	(441)	(30)	58	(147)	**(93)**
Profit before taxation	103	756	1,007	611	**475**
Income tax expense (including adjusting items)	(95)	(164)	(164)	(140)	**(130)**
Profit for the year	8	592	843	471	**345**
Balance sheet					
Goodwill and other intangible assets	2,755	2,747	2,754	2,779	**2,766**
Property, plant and equipment and investment property	2,996	3,095	3,111	3,235	**3,233**
Right-of-use assets	1,916	1,845	1,885	1,947	**1,881**
Investments in joint ventures and associates	16	20	17	30	**19**
Assets and liabilities (excluding net debt) held for sale	138	12	6	3	**3**
Other net current assets[1]	424	105	367	931	**844**
Post-employment benefits	277	359	410	137	**99**
Other net non-current liabilities[1]	(194)	(218)	(200)	(125)	**(125)**
Capital employed	8,328	7,965	8,350	8,937	**8,720**
Equity shareholders' funds	5,802	6,571	6,778	6,663	**6,604**
Net debt	2,526	1,394	1,572	2,274	**2,116**
Capital employed	8,328	7,965	8,350	8,937	**8,720**
Other financial data					
Like-for-like sales growth	(1.5)%	7.1%	9.9%	(2.1)%	**(3.1)%**
Adjusted effective tax rate	26%	23%	22%	22%	**27%**
Basic earnings per share (pence)	0.4	28.1	40.3	23.8	**18.2**
Adjusted basic earnings per share (pence)	19.1	28.7	35.2	29.7	**21.9**
Ordinary dividend per share (pence)	3.33	8.25	12.40	12.40	**12.40**
Gross capital expenditure[2]	342	281	397	449	**363**
Number of stores[3]	1,367	1,386	1,474	1,572	**1,638**

1. Other net current assets and other net non-current liabilities reported above exclude any components of net debt.
2. Excluding business acquisitions.
3. Excluding joint ventures and associates.

Shareholder information

Financial calendar

Q1 24/25 trading update[1]	21 May 2024
Annual General Meeting	20 June 2024
Half-year results[1]	17 September 2024
Q3 24/25 trading update[1]	25 November 2024

1. These dates are provisional and may be subject to change.

Annual General Meeting (AGM)

We consider the AGM to be an important event in our calendar and a significant opportunity to engage with our shareholders.

The 2024 AGM will be held at Number 11, Cavendish Square, London W1G 0AN on Thursday 20 June 2024 at 2pm.

Details of how to participate at the AGM are set out in the Notice of AGM and on our website.

Company Secretary

Chloe Barry

Registered office

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Website: www.kingfisher.com

Registered in England and Wales
Registered Number 01664812

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Telephone: +44 (0) 370 702 0129

Shareholders can also visit our online Investor Centre, www.investorcentre.co.uk

Dividends

The company pays all cash dividends through direct payment to shareholder bank accounts. Shareholders who have not yet notified our Registrar of their preferred bank account details should do so without delay. This does not affect those shareholders who have subscribed for the Dividend Reinvestment Plan.

The interim dividend for the financial year ended 31 January 2024 of 3.80p per ordinary share was paid on 17 November 2023.

The table below provides the payment information for the final dividend of 8.60p per ordinary share, subject to shareholder approval at the 2024 AGM.

Ex-dividend date	16 May 2024
Record date	17 May 2024
Final date for return of DRIP mandate forms/ currency elections	4 June 2024
Euro exchange rate notification	5 June 2024
Payment date and DRIP purchase	25 June 2024

American Depositary Receipts (ADR)

The company has a Sponsored Level 1 ADR programme in the US, which trades on the OTCQX Platform.

Each ADR represents two Kingfisher plc ordinary shares. The company's ADR programme is administered by Citibank, N.A.

ADR investor contact

If calling from within the USA: +1 877 248 4237 (+1 877 CITI ADR)
If calling from outside the USA: +1 781 575 4555
Email: citibank@shareholders-online.com

ADR broker contact

Telephone: +1 212 723 4483/+44 (0) 20 7500 2030
Email: michael.oleary@citi.com/michael.woods@citi.com

Share dealing facilities

Shareholders wishing to sell or purchase shares in the company may do so through a bank or a stockbroker. Alternatively, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

ShareGift

If you would like to consider donating your shareholding to the charity ShareGift (Registered charity 1052686), further information may be obtained by calling 020 7930 3737 or from www.ShareGift.org

Shareholder security

Details of any share dealing facilities that the company endorses will be included in company mailings only. If you receive any unsolicited investment advice, whether over the telephone, through the post or by email, you should:

- Make sure you get the name of the person and organisation;
- Check that they are properly authorised by the FCA before getting involved by visiting register.fca.org.uk/s/; and
- Report the matter to the FCA either by calling 0800 111 6768 or by completing an online form at www.fca.org.uk/consumers/report-scam-us.

More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/scamsmart

Share price information

The company's ordinary shares are listed on the London Stock Exchange. Share price history and the latest share price are available on the company's website.

Electronic communications

Shareholders who have not yet elected to receive shareholder documentation in electronic form can sign up by visiting www.investorcentre.co.uk and registering their details.

Forward-looking statements

All statements in this Annual Report and Accounts, other than historical facts, may be forward-looking statements (including within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995). Such statements are therefore subject to inherent risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied, because they relate to future events.

Forward-looking statements can be identified by the use of relevant terminology including the words: 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could', 'should', 'project', 'continue' or 'forecast', in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. These forward-looking statements are based on currently available information and our current assumptions, expectations and projections about future events.

These forward-looking statements appear in a number of places throughout this Annual Report and Accounts and include statements which look forward in time or statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, among other things, our results of operations, financial condition, changes in tax rates, liquidity, prospects, growth strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to, global economic business conditions, global and regional trade conditions (including a downturn in the retail or financial services industries), the state of the housing and home improvement markets, share repurchases and dividends, capital expenditure and capital allocation, liquidity, prospects, growth and strategies, litigation or other proceedings to which we are subject, monetary and interest rate policies, foreign currency exchange rates, equity and property prices, the impact of competition, inflation and deflation, changes to regulations, taxes and legislation, changes to consumer saving and spending habits, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises (including but not limited to the Covid pandemic), outbreaks of contagious disease or environmental disaster, political volatility and our success in managing these factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Reliance should not be placed on any forward-looking statement. Nothing in this Annual Report and Accounts or on the Kingfisher website should be construed as a profit forecast or an invitation to deal in the securities of Kingfisher. For further information regarding risks to Kingfisher's business, consult the Risks section on pages 59 to 64.

The forward-looking statements contained herein speak only as of the date of this Annual Report and Accounts and the company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority).

You are not to construe the content of this Annual Report and Accounts as investment, legal or tax advice and you should make your own evaluation of the Company and the market. If you are in any doubt about the contents of this Annual Report and Accounts or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction). Nothing in this Annual Report and Accounts should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group or an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (as amended) (or, otherwise under any other law, regulation or exchange rules in any other applicable jurisdiction).

Glossary

Alternative Performance Measures (APMs)

In the reporting of financial information, the directors have adopted various Alternative Performance Measures (APMs), also known as non-GAAP measures, of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those used by other retailers. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Adjusted basic earnings per share (EPS)	Basic earnings per share	A reconciliation of adjusted basic earnings per share is included in the Financial Review and note 11 of the consolidated financial statements	Adjusted basic earnings per share represents profit after tax attributable to the owners of the parent, before the impact of adjusting items (see definition below), divided by the weighted average number of shares in issue during the period. The exclusion of adjusting items helps provide an indication of the Group's ongoing business performance.
Adjusted effective tax rate	Effective tax rate	A reconciliation to the statutory effective tax rate is set out in the Financial Review	The adjusted effective tax rate is calculated as continuing income tax expense excluding tax adjustments in respect of prior years (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of adjusting items, divided by continuing profit before taxation excluding adjusting items. Prior year tax items represent income statement tax relating to underlying items originally arising in prior years, including the impact of changes in tax rates on deferred tax. The exclusion of items relating to prior years, and those not in the ordinary course of business, helps provide an indication of the Group's ongoing rate of tax.
Adjusted pre-tax profit (PBT)	Profit before taxation	A reconciliation of adjusted PBT is set out in the Financial Review	Adjusted PBT is used to report the performance of the business at a Group level. This is stated before adjusting items. The exclusion of adjusting items helps provide an indication of the Group's ongoing business performance.
Adjusted pre-tax profit (PBT) margin %	No direct equivalent	Refer to definition	Adjusted PBT is used to report the performance of the business at a Group level and is separately defined. Adjusted PBT margin % represents adjusted PBT as a percentage of sales. It is a measure of overall business profitability.
Adjusted post-tax profit	Profit after tax	A reconciliation of adjusted post-tax profit is set out in the Financial Review and note 11 of the consolidated financial statements	Adjusted post-tax profit is used to report the after-tax performance of the business at a Group level. This is stated before adjusting items. The exclusion of adjusting items helps provide an indication of the Group's ongoing after-tax business performance.
Adjusting items	No direct equivalent	Not applicable	Adjusting items, which are presented separately within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Group's ongoing trading performance. Adjusting items may include, but are not limited to: non-trading items included in operating profit such as profits and losses on the disposal, closure, exit or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's ongoing trading activities; the costs of significant restructuring and incremental acquisition integration costs; profits and losses on the exit of properties, impairments of goodwill and significant impairments (or impairment reversals) of other non-current assets; prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items; financing fair value remeasurements i.e., changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value (or non-designated) hedge relationships. Financing derivatives are those that relate to hedged items of a financing nature.
Central costs	No direct equivalent	Not applicable	Central costs principally comprise the costs of the Group's head office before adjusting items. This helps provide an indication of the Group's ongoing head office costs.
Constant currency	No direct equivalent	Not applicable	Constant currency changes in total sales, LFL sales, gross profit, gross margin %, retail profit, retail profit margin % and operating costs reflect the year-on-year movements after translating the prior year comparatives at the current year's average exchange rates. These are presented to eliminate the effects of exchange rate fluctuations on the reported results.
Core and 'big-ticket' category sales±	No direct equivalent	Not applicable	Core and 'big-ticket' category sales include the sales from non-seasonal products across all our categories, including 'big ticket' sales (i.e., kitchen, bathroom & storage). It is used as a measure of our non-seasonal related performance, which is the majority of Group sales.
Dividend cover	No direct equivalent	Not applicable	Dividend cover represents the ratio of earnings to dividends. It is calculated as adjusted basic earnings per share divided by the total (full year) dividend per share. It is used as an indication of how sustainable dividend payments are.

Glossary continued

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
E-commerce sales penetration %	No direct equivalent	Refer to definition	E-commerce sales penetration % represents total e-commerce sales as a percentage of sales. For the purpose of this calculation only, sales are adjusted to replace marketplace net sales with marketplace gross sales. It is used to track the success of our e-commerce strategy.
First-party e-commerce sales	No direct equivalent	Refer to definition	First-party e-commerce sales are total first-party sales (excluding VAT) derived from online transactions, including click & collect (C&C). This includes sales transacted on any device, however not sales through a call centre. Sales (and related commissions/fees) from products supplied by third-party e-commerce marketplace vendors are excluded. It is used to measure the performance of our first-party e-commerce business across the Group.
Total e-commerce sales	No direct equivalent	Refer to definition	Total e-commerce sales are first-party e-commerce sales plus marketplace gross sales. References to digital or e-commerce sales growth relates to growth in constant currency. It is used to measure the performance of all e-commerce business (first-party and third-party) across the Group.
EBITDA	Profit before taxation	A reconciliation of EBITDA is set out in the Financial Review	EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as retail profit less central costs and before depreciation and amortisation. This measure is widely used in calculating the ratio of net debt to EBITDA, and is used to reflect the Group's leverage.
Free cash flow	Net increase in cash and cash equivalents and bank overdrafts	A reconciliation of free cash flow is set out in the Financial Review	Free cash flow represents the cash generated from operations (excluding adjusting items) less the amount spent on interest, tax and capital expenditure during the year (excluding asset disposals). This provides a measure of how much cash the business generates that can be used for expansion, capital returns and other purposes.
Gross margin %	No direct equivalent	Refer to definition	Gross profit represents sales from the supply of home improvement products and services (excluding VAT), less the associated cost of those sales. Gross margin % represents gross profit as a percentage of sales. It is a measure of operating performance.
LFL	Sales	Refer to definition	LFL (like-for-like) sales growth represents the constant currency, year-on-year sales growth for stores that have been open for more than one year. It is a measure to reflect the Group's performance on a comparable basis.
Marketplace gross merchandise value (GMV)	No direct equivalent	Refer to definition	Marketplace GMV is the total transaction value (including VAT) from the sale of products supplied by third-party e-commerce marketplace vendors. It is used to measure the performance of our e-commerce marketplace, and is the basis on which our commissions from third-party vendors are determined.
Marketplace gross sales	No direct equivalent	Refer to definition	Marketplace gross sales is the transaction value (excluding VAT) from the sale of products supplied by third-party e-commerce marketplace vendors. Returned and cancelled orders are excluded. It is used to measure the performance of our e-commerce marketplace.
Marketplace net sales	No direct equivalent	Refer to definition	Marketplace net sales are commissions (excluding VAT) earned on e-commerce marketplace transactions, together with other service fees. This is included within sales. Commissions are determined based on GMV. It is used to measure the performance of our e-commerce marketplace.
Marketplace participation %	No direct equivalent	Refer to definition	Marketplace participation % represents marketplace gross sales as a percentage of total e-commerce sales. It is used to track the success of our marketplace strategy and performance.
Net debt	No direct equivalent	A reconciliation of this measure is provided in note 33 of the consolidated financial statements	Net debt comprises lease liabilities, borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and short-term deposits, including such balances classified as held for sale.
Net cash flow	Net increase in cash and cash equivalents and bank overdrafts	A reconciliation of net cash flow is set out in the Financial Review and in note 33 of the consolidated financial statements	Net cash flow is a measure to reflect the total movement in the net debt balance during the year excluding the movement in lease liabilities, exchange differences and other non-cash movements.
Operating costs	No direct equivalent	Not applicable	Operating costs represent gross profit less retail profit. This is the Group's operating cost measure used to report the performance of our retail businesses.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Own exclusive brands (OEB) sales	No direct equivalent	Refer to definition	OEB refers to our portfolio of own exclusive brands across seven core categories – surfaces & décor, tools & hardware, bathroom & storage, kitchen, EPHC (electricals, plumbing, heating & cooling), building & joinery, and outdoor. OEB sales are sales of own exclusive brand products. It is used to measure the performance of OEB across the Group.
Retail profit	Profit before taxation	A reconciliation of Group retail profit to profit before taxation is set out in the Financial Review and note 5 of the consolidated financial statements. There is no statutory equivalent to retail profit at a retail banner level	Retail profit is stated before central costs, adjusting items and the Group's share of interest and tax of JVs and associates. This is the Group's operating profit measure used to report the performance of our retail businesses.
Retail profit margin %	No direct equivalent	Refer to definition	Retail profit is the Group's operating profit measure used to report the performance of our retail businesses and is separately defined above. Retail profit margin % represents retail profit as a percentage of sales. It is a measure of operating performance.
ROCE	No direct equivalent	Refer to definition	ROCE (return on capital employed) is the post-tax retail profit less central costs, excluding adjusting items, divided by capital employed excluding historic goodwill, net debt and adjusting restructuring provisions. The measure provides an indication of the ongoing returns from the capital invested in the business. Capital employed is calculated as a two-point average. The calculation excludes disposed businesses.
Same-store net inventory	Inventory	Refer to definition	Same-store net inventory movement represents the constant currency, year-on-year change in net inventory before the impact of store openings and closures. It is a measure to reflect the Group's inventory management on a comparable basis.
Seasonal category sales±	No direct equivalent	Refer to definition	Seasonal category sales include the sales from certain products within our outdoor, electricals, plumbing, heating & cooling (EPHC) and surfaces & décor categories. It is used as a measure of the performance of our sales that are subject to the season we are in, or prevailing weather conditions.

± Indicates the inclusion of new APMs during FY 23/24. The new APMs in the table above have been introduced to track the performance of our core and 'big-ticket' and seasonal category sales.

Other definitions

Banque de France data for DIY retail sales (non-seasonally adjusted). Includes relocated and extended stores. https://webstat.banque-france.fr/fr/#/node/5384398. As of and including January 2023, we took the decision to suspend the communication of Castorama France and Brico Dépôt France monthly sales figures to Banque de France and the internal index of FMB (*Fédération des Magasins de Bricolage* – our trade association). In November 2023, we restarted the communication of monthly sales figures to both associations, including the retrospective resubmission of September and October 2023 sales data.

'Do It Yourself' (DIY) sales include products that facilitate self-undertaken home improvement projects and tasks, including paint, lighting, tools and hardware, and garden maintenance.

'Do It For Me' (DIFM) sales include products and services used in home improvement projects and tasks that predominantly require a tradesperson to undertake, including kitchens, bathrooms, tiling, wardrobes, windows and doors, certain electrical and plumbing activities, and installation services.

France consists of Castorama France and Brico Dépôt France.

GNFR (Goods Not For Resale) covers the procurement of all goods and services a retailer consumes (including ocean freight, energy, media buying, cleaning, and security).

Iberia consists of Brico Dépôt Spain and Brico Dépôt Portugal.

Other International consists of Poland, Iberia, Romania, 'Other', and Turkey (Koçtaş JV). 'Other' consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements.

SKU (Stock Keeping Unit) is defined as the number of individual variants of products sold or remaining in stock. It is a distinct type of item for sale, such as a product and all attributes associated with the item type that distinguish it from others. These attributes could include, but are not limited to, manufacturer, description, material, size, colour, packaging and warranty terms.

UK & Ireland consists of B&Q in the UK & Ireland and Screwfix in the UK & Ireland.

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Consultancy and design by Black Sun Global
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