Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

		Half year ended 31 July 2021			Half year ended 31 July 2020		
£ millions	Notes	Before adjusting items	Adjusting items (note 5)	Total	Before adjusting items	Adjusting items (note 5)	Total
Sales	4	**7,101**	**–**	**7,101**	5,921	–	5,921
Cost of sales		**(4,404)**	**–**	**(4,404)**	(3,735)	–	(3,735)
Gross profit		**2,697**	**–**	**2,697**	2,186	–	2,186
Selling and distribution expenses		**(1,554)**	**–**	**(1,554)**	(1,302)	(27)	(1,329)
Administrative expenses		**(417)**	**7**	**(410)**	(390)	10	(380)
Other income		**12**	**1**	**13**	11	–	11
Share of post-tax results of joint ventures and associates		**1**	**–**	**1**	(2)	–	(2)
Operating profit	4	**739**	**8**	**747**	503	(17)	486
Finance costs		**(76)**	**–**	**(76)**	(94)	–	(94)
Finance income		**6**	**–**	**6**	6	–	6
Net finance costs	6	**(70)**	**–**	**(70)**	(88)	–	(88)
Profit before taxation		**669**	**8**	**677**	415	(17)	398
Income tax expense	8	**(144)**	**23**	**(121)**	(98)	17	(81)
Profit for the period		**525**	**31**	**556**	317	–	317

Earnings per share	9		
Basic		**26.4p**	15.1p
Diluted		**26.2p**	15.0p
Adjusted basic		**24.9p**	15.1p
Adjusted diluted		**24.7p**	15.0p

The proposed interim ordinary dividend for the period ended 31 July 2021 is 3.80p per share (2020/21: 2.75p per share).

The Group no longer uses the term ‘exceptional adjusting items’ within its Alternative Performance Measure definitions, with the term ‘adjusting items’ now judged to be more appropriate. As a result, the previous columnar presentation in the consolidated income statement has been revised to include all ‘adjusting items’, including prior year tax items. Refer to note 2.

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

		Year ended 31 January 2021		
£ millions	Notes	Before adjusting items	Adjusting items (note 5)	Total
Sales	4	12,343	–	12,343
Cost of sales		(7,770)	–	(7,770)
Gross profit		4,573	–	4,573
Selling and distribution expenses		(2,843)	12	(2,831)
Administrative expenses		(809)	(6)	(815)
Other income		19	13	32
Other expenses		–	(49)	(49)
Share of post-tax results of joint ventures and associates		6	–	6
Operating profit	4	946	(30)	916
Finance costs		(180)	–	(180)
Finance income		20	–	20
Net finance costs	6	(160)	–	(160)
Profit before taxation		786	(30)	756
Income tax expense	8	(182)	18	(164)
Profit for the year		604	(12)	592
Earnings per share	9			
Basic				28.1p
Diluted				27.9p
Adjusted basic				28.7p
Adjusted diluted				28.5p

The Group no longer uses the term ‘exceptional adjusting items’ within its Alternative Performance Measure definitions, with the term ‘adjusting items’ now judged to be more appropriate. As a result, the previous columnar presentation in the consolidated income statement has been revised to include all ‘adjusting items’, including prior year tax items. Refer to note 2.

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Notes	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Profit for the period		**556**	317	592
Remeasurements of post-employment benefits	12	**(12)**	195	68
Inventory cash flow hedges – fair value gains/(losses)		**6**	(7)	(48)
Tax on items that will not be reclassified		**1**	(67)	(13)
Total items that will not be reclassified subsequently to profit or loss		**(5)**	121	7
Currency translation differences				
Group		**(148)**	204	112
Joint ventures and associates		**(2)**	–	(2)
Transferred to income statement		**–**	–	49
Other cash flow hedges				
Fair value gains		**4**	6	5
Gains transferred to income statement		**(4)**	(6)	(5)
Total items that may be reclassified subsequently to profit or loss		**(150)**	204	159
Other comprehensive (loss)/income for the period		**(155)**	325	166
Total comprehensive income for the period		**401**	642	758

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£ millions	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
							Half year ended 31 July 2021
At 1 February 2021	**332**	**2,228**	**(23)**	**3,630**	**43**	**361**	**6,571**
Profit for the period	**–**	**–**	**–**	**556**	**–**	**–**	**556**
Other comprehensive loss for the period	**–**	**–**	**–**	**(9)**	**–**	**(146)**	**(155)**
Total comprehensive income for the period	**–**	**–**	**–**	**547**	**–**	**(146)**	**401**
Inventory cash flow hedges – losses transferred to inventories	**–**	**–**	**–**	**–**	**–**	**34**	**34**
Share-based compensation	**–**	**–**	**–**	**14**	**–**	**–**	**14**
New shares issued under share schemes	**–**	**–**	**–**	**2**	**–**	**–**	**2**
Own shares issued under share schemes	**–**	**–**	**11**	**(11)**	**–**	**–**	**–**
Purchase of own shares for ESOP trust	**–**	**–**	**(29)**	**–**	**–**	**–**	**(29)**
Dividends	**–**	**–**	**–**	**(174)**	**–**	**–**	**(174)**
Tax on equity items	**–**	**–**	**–**	**–**	**–**	**(8)**	**(8)**
At 31 July 2021	**332**	**2,228**	**(41)**	**4,008**	**43**	**241**	**6,811**

£ millions	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
							Half year ended 31 July 2020
At 1 February 2020	332	2,228	(23)	2,994	43	228	5,802
Profit for the period	–	–	–	317	–	–	317
Other comprehensive income for the period	–	–	–	126	–	199	325
Total comprehensive income for the period	–	–	–	443	–	199	642
Inventory cash flow hedges - gains transferred to inventories	–	–	–	–	–	(19)	(19)
Share-based compensation	–	–	–	11	–	–	11
Own shares issued under share schemes	–	–	9	(9)	–	–	–
Tax on equity items	–	–	–	–	–	6	6
At 31 July 2020	332	2,228	(14)	3,439	43	414	6,442

£ millions	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
							Year ended 31 January 2021
At 1 February 2020	332	2,228	(23)	2,994	43	228	5,802
Profit for the year	–	–	–	592	–	–	592
Other comprehensive income for the year	–	–	–	44	–	122	166
Total comprehensive income for the year	–	–	–	636	–	122	758
Inventory cash flow hedges – losses transferred to inventories	–	–	–	–	–	13	13
Share-based compensation	–	–	–	14	–	–	14
New shares issued under share schemes	–	–	–	1	–	–	1
Own shares issued under share schemes	–	–	14	(14)	–	–	–
Purchase of own shares for ESOP trust	–	–	(14)	–	–	–	(14)
Tax on equity items	–	–	–	(1)	–	(2)	(3)
At 31 January 2021	332	2,228	(23)	3,630	43	361	6,571

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 31 July 2021	At 31 July 2020 restated (note 2)	At 31 January 2021
Non-current assets				
Goodwill		**2,425**	2,419	2,427
Other intangible assets	11	**320**	332	320
Property, plant and equipment	11	**2,982**	3,033	3,075
Investment property	11	**20**	20	20
Right-of-use assets		**1,785**	1,872	1,845
Investments in joint ventures and associates		**18**	14	20
Post-employment benefits	12	**506**	612	504
Deferred tax assets		**19**	12	15
Other tax authority asset	17	**64**	–	57
Other receivables		**26**	23	29
		8,165	8,337	8,312
Current assets				
Inventories		**2,730**	2,383	2,488
Trade and other receivables		**317**	345	290
Derivative assets	13	**11**	34	5
Current tax assets		**23**	18	20
Cash and cash equivalents		**1,535**	2,450	1,142
Assets held for sale		**6**	184	12
		4,622	5,414	3,957
Total assets		**12,787**	13,751	12,269
Current liabilities				
Trade and other payables		**(2,947)**	(2,774)	(2,520)
Borrowings	13	**(111)**	(1,240)	(101)
Lease liabilities		**(333)**	(351)	(330)
Derivative liabilities	13	**(27)**	(49)	(59)
Current tax liabilities		**(126)**	(94)	(70)
Other tax authority liability	17	**–**	–	(57)
Provisions		**(35)**	(52)	(46)
Liabilities directly associated with assets held for sale		**–**	(67)	–
		(3,579)	(4,627)	(3,183)
Non-current liabilities				
Other payables		**(11)**	(5)	(11)
Borrowings	13	**(2)**	(96)	(2)
Lease liabilities		**(1,986)**	(2,146)	(2,091)
Derivative liabilities	13	**–**	(1)	(1)
Deferred tax liabilities		**(231)**	(251)	(232)
Provisions		**(22)**	(41)	(33)
Post-employment benefits	12	**(145)**	(142)	(145)
		(2,397)	(2,682)	(2,515)
Total liabilities		**(5,976)**	(7,309)	(5,698)
Net assets		**6,811**	6,442	6,571
Equity				
Share capital		**332**	332	332
Share premium		**2,228**	2,228	2,228
Own shares held in ESOP trust		**(41)**	(14)	(23)
Retained earnings		**4,008**	3,439	3,630
Capital redemption reserve		**43**	43	43
Other reserves	14	**241**	414	361
Total equity		**6,811**	6,442	6,571

The interim financial report was approved by the Board of Directors on 20 September 2021 and signed on its behalf by:

Thierry Garnier, Chief Executive Officer

Bernard Bot, Chief Financial Officer

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Operating activities				
Cash generated by operations	15	**1,161**	1,412	1,816
Income tax paid		**(78)**	(80)	(166)
Other tax authority payments	17	**(64)**	–	–
Net cash flows from operating activities		**1,019**	1,332	1,650
Investing activities				
Purchase of property, plant and equipment and intangible assets		**(131)**	(87)	(281)
Disposal of property, plant and equipment, investment property, assets held for sale and intangible assets		**7**	2	48
Purchase of businesses, net of cash acquired		**–**	–	(8)
Disposal of businesses, net of cash disposed		**–**	–	27
Interest received		**1**	3	4
Interest element of lease rental receipts		**1**	1	2
Principal element of lease rental receipts		**2**	2	3
Advance payments on right-of-use assets		**(1)**	(1)	(2)
Advance receipts on right-of-use assets		**–**	2	–
Dividends received from joint ventures and associates		**1**	–	–
Net cash flows used in investing activities		**(120)**	(78)	(207)
Financing activities				
Interest paid		**(5)**	(14)	(26)
Interest element of lease rental payments		**(69)**	(79)	(153)
Principal element of lease rental payments		**(177)**	(136)	(309)
Repayment of bank loans		**(3)**	(1)	(1)
Issue of fixed term debt		**–**	1,950	1,950
Repayment of fixed term debt		**–**	(1,461)	(2,011)
Receipt on financing derivatives		**–**	–	1
New shares issued under share schemes		**2**	–	1
Purchase of own shares for ESOP trust		**(29)**	–	(14)
Ordinary dividends paid to equity shareholders of the Company	10	**(174)**	–	–
Net cash flows from financing activities		**(455)**	259	(562)
Net increase in cash and cash equivalents and bank overdrafts		**444**	1,513	881
Cash and cash equivalents and bank overdrafts at beginning of period		**1,136**	195	195
Exchange differences		**(64)**	56	60
Cash and cash equivalents and bank overdrafts at end of period		**1,516**	1,764	1,136

Cash and cash equivalents and bank overdrafts at the end of the period include £nil of cash included within assets held for sale on the balance sheet (2020/21: £15m). Cash and cash equivalents and bank overdrafts at 31 January 2021 include £nil of cash included within assets held for sale on the balance sheet.

Kingfisher plc

2021/22 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTES TO THE CONDENSED 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 Company is incorporated in England and Wales, United Kingdom, and is listed on the London Stock Exchange. The address of its registered office is 3 Sheldon Square, Paddington, London W2 6PX.

The interim financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 31 January 2021 were approved by the Board of Directors on 21 March 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006. The interim financial report has been reviewed, not audited, and was approved by the Board of Directors on 20 September 2021.

2. Basis of preparation

The interim financial report for the six months ended 31 July 2021 ('the half year') has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom. It should be read in conjunction with the annual financial statements for the year ended 31 January 2021, which 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) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The consolidated income statement and related notes represent results for continuing operations, there being no discontinued operations in the periods presented. Where comparatives are given, '2020/21' refers to the six months ended 31 July 2020.

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 condensed consolidated financial statements for the period ended 31 July 2021.

Considering whether the Group's condensed consolidated 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).

While trading continues to be strong, in forming their outlook on the future financial performance, the Directors considered the normalisation of store traffic and average spend, the risk of higher business volatility and the potential negative impact of the general economic environment on household and trade spend.

The Directors' review also included a remote scenario to assess the impact of more restrictive containment measures than those experienced during the pandemic to date in the event of a more severe wave of resurgence of the Covid-19 pandemic. The remote scenario considers the impact of a significant drop in sales over a period of six months followed by a period of recovery lasting two months before trading resumes to the base case expected forecast. The total loss of sales in this scenario is c.£1.6bn (21% 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 dividend payments. Even under this remote scenario the group retains significant headroom on its credit facilities with only a limited drawing on the revolving credit facility (RCF) required for a few months. Given current trading and expectations for the business, the Directors believe that this scenario reflects a remote outcome for the Group. Should the impact of the pandemic be more prolonged or severe than currently forecast by the Directors under this remote scenario, the Group would need to implement additional operational or financial measures.

Restatement of prior periods

In the prior year, it was determined that the Group's cash and overdraft balances within notional cash pooling arrangements did not meet the requirements for offsetting in accordance with IAS 32: 'Financial Instruments: Presentation' and should not therefore be presented on a net basis on the balance sheet. For presentational purposes, amounts at 31 July 2020 have been restated in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Policies and Errors' with an additional £701m within borrowings and cash balances increased by an equal amount. There is no impact on net assets or net profit.

New and amended accounting standards

In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision in relation to configuration and customisation costs in cloud computing arrangements. The IFRIC decision clarified that such costs would not meet the definition of intangible assets under IAS 38, 'Intangible Assets', if they do not give the Group the power to control the cloud-based software to obtain the future economic benefits from the asset and to restrict the access of others to those benefits. Given the proximity of this decision to the interim reporting date, the Group has not had sufficient time to amend its existing accounting policy, however this is not expected to have a material impact on the Group's financial statements.

Other new standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 January 2022, but they do not have a material impact on the interim financial report.

Principal rates of exchange against Sterling

	Half year ended 31 July 2021		Half year ended 31 July 2020		Year ended 31 January 2021	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro	**1.16**	**1.17**	1.13	1.11	1.12	1.13
US Dollar	**1.39**	**1.39**	1.25	1.31	1.29	1.37
Polish Zloty	**5.27**	**5.35**	5.03	4.90	5.00	5.11
Romanian Leu	**5.70**	**5.76**	5.46	5.37	5.43	5.50
Russian Rouble	**n/a**	**n/a**	89.25	97.48	92.43*	103.99

* The Group completed the sale of Castorama Russia on 30 September 2020. The 31 January 2021 Russian Rouble average rate relates to the period to 30 September 2020 (i.e. to the date of disposal).

Risks and uncertainties

The principal risks and uncertainties to which the Group is exposed are set out on pages 40-46 of the Kingfisher plc Annual Report and Accounts for the year ended 31 January 2021. These have been reviewed as part of the Group's half year procedures and are listed in the Financial Review.

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 cashflow' 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 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 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.

The Group no longer uses the term 'exceptional adjusting items' within its Alternative Performance Measure definitions, with the term 'adjusting items' now judged to be more appropriate given the potential for items previously classified as 'exceptional adjusting items' to be recurring in nature (e.g. profits and losses on the disposal of properties). This removes the previous distinction between 'exceptional adjusting items' and other adjusting items (i.e. prior year tax items and financing fair value remeasurements) from the Group's Alternative Performance Measures and simplifies the Group's reporting of such items. As a result, the consolidated income statement comparatives for the half year ended 31 July 2020 and year ended 31 January 2021, which previously included separate presentation of 'exceptional adjusting items', have been re-presented to include all 'adjusting items' (as defined above) separately in the columnar presentation. The effect of this change on the prior periods presented is the inclusion within the 'Adjusting items' column of those prior year tax items that were not previously classified as 'Exceptional items' (HY 2020/21: £13m credit) or 'Exceptional adjusting items' (FY 2020/21: £21m credit). Financing fair value remeasurements were £nil in the prior periods presented. This represents a change in terminology and presentation only, with no impact on adjusted or statutory performance measures. Refer to note 5.

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.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2021, as described in note 2 of those financial statements, except where set out below. The critical accounting estimates and judgements are set out in note 3 of the annual financial statements for the year ended 31 January 2021 and remain unchanged.

Taxes on income for interim periods are accrued using the best estimate of the effective tax rate that would be applicable to expected total annual earnings.

4. Segmental analysis

Income statement

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
						Half year ended 31 July 2021
Sales	**3,570**	**2,437**	**743**	**351**	**1,094**	**7,101**
Retail profit	**579**	**129**	**58**	**1**	**59**	**767**
Central costs						**(27)**
Share of interest and tax of joint ventures and associates						**(1)**
Adjusting items						**8**
Operating profit						**747**
Net finance costs						**(70)**
Profit before taxation						**677**

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
						Half year ended 31 July 2020
Sales	2,753	2,028	783	357	1,140	5,921
Retail profit	411	63	74	(15)	59	533
Central costs						(28)
Share of interest and tax of joint ventures and associates						(2)
Adjusting items						(17)
Operating profit						486
Net finance costs						(88)
Profit before taxation						398

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
						Year ended 31 January 2021
Sales	5,743	4,309	1,550	741	2,291	12,343
Retail profit	681	181	146	(5)	141	1,003
Central costs						(54)
Share of interest and tax of joint ventures and associates						(3)
Adjusting items						(30)
Operating profit						916
Net finance costs						(160)
Profit before taxation						756

Balance sheet

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
						At 31 July 2021
Segment assets	**2,595**	**1,535**	**918**	**271**	**1,189**	**5,319**
Central liabilities						**(25)**
Goodwill						**2,425**
Net debt						**(908)**
Net assets						**6,811**

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
						At 31 July 2020
Segment assets	2,722	1,553	875	399	1,274	5,549
Central liabilities						(149)
Goodwill						2,419
Net debt						(1,377)
Net assets						6,442

£ millions	UK & Ireland	France	Poland	Other	Other International	Total
					At 31 January 2021	
Segment assets	2,774	1,686	899	303	1,202	5,662
Central liabilities						(124)
Goodwill						2,427
Net debt						(1,394)
Net assets						6,571

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, results from franchise agreements and, in the prior year, Russia. Poland has been shown separately due to its significance.

Central costs principally comprise the costs of the Group's head office. Central liabilities comprise unallocated head office and other central items including central assets, pensions, insurance, interest and tax.

The Group's sales, although generally not highly seasonal on a half yearly basis, do increase over the Easter period and during the summer months leading to slightly higher sales usually being recognised in the first half of the year. However due to the continued uncertainty around the impact of Covid-19 on current trading performance, the phasing of sales is less predictable.

5. Adjusting items

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Included within selling and distribution expenses			
Impairments of Russia assets and other exit costs	**–**	(27)	(27)
Net store asset impairment reversals	**–**	–	42
IT asset write-downs and related costs	**–**	–	(3)
	–	(27)	12
Included within administrative expenses			
Release of France business tax liability	**7**	–	–
Commercial operating model restructuring	**–**	–	(16)
Release of B&Q China disposal warranty liability	**–**	10	10
	7	10	(6)
Included within other income/expenses			
Profit on disposal of properties	**1**	–	13
Loss on disposal of Castorama Russia	**–**	–	(49)
	1	–	(36)
Adjusting items before tax	**8**	(17)	(30)
Prior year and other adjusting tax items	**23**	17	18
Adjusting items	**31**	–	(12)

A £7m liability that was held in relation to an uncertain tax position in France has been released in the period. This formed part of a liability of £26m that had been recorded as an adjusting item in 2019/20.

A profit of £1m has been recorded on the disposal of one property in France.

Prior year and other adjusting tax items relate principally to the impact of the enacted future increase in the UK tax rate on deferred tax balances. Refer to note 8.

Refer to note 5 of the 2020/21 interim accounts for further details on adjusting items for the half year ended 31 July 2020, and to note 5 of the 2020/21 annual accounts for further details on adjusting items for the year ended 31 January 2021.

6. Net finance costs

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Bank overdrafts and bank loans	**(4)**	(8)	(13)
Fixed term debt	**(2)**	(7)	(14)
Lease liabilities	**(69)**	(79)	(153)
Capitalised interest	**–**	1	2
Other interest payable	**(1)**	(1)	(2)
Finance costs	**(76)**	(94)	(180)
Cash and cash equivalents and short-term deposits	**1**	2	3
Net interest income on defined benefit pension schemes	**4**	3	6
Finance lease income	**1**	1	2
Release of liability for interest on uncertain tax positions	**–**	–	9
Finance income	**6**	6	20
Net finance costs	**(70)**	(88)	(160)

7. Government grants

In the prior year, the Group announced furlough programmes to some of our colleagues in the UK, Republic of Ireland, France, Poland, Spain and Romania, such as the Coronavirus Job Retention Scheme (CJRS) in the UK and 'activité partielle' relief measures in France. Approximately 50% of the Group's colleagues were furloughed in April 2020, reducing to c.10% by the end of May 2020 as stores within the UK and France were reopened. With the exception of those who were vulnerable and/or at a higher risk of infection, all furloughed colleagues returned by 1 July 2020.

In addition, the UK government announced in March 2020 that retail premises in England would be granted relief from paying business rates in the 2020/21 tax year, effective from April 2020. Similar measures (a combination of payment deferrals and relief) were announced by the local governments and assemblies of Scotland, Wales and Northern Ireland, as well as the Republic of Ireland.

In Q4 2020/21, the Group repaid £25m received in the first half of that year under the UK and Republic of Ireland furlough programmes and decided to repay and forego all UK and Republic of Ireland business rates relief for the entire 2020/21 tax year. Kingfisher's total business rates bill eligible for relief in 2020/21 was £105m, of which £42m was claimed in H1 2020/21.

Participation in these schemes lowered the operating costs of the Group by £100m in the six months to 31 July 2020 and, after repayments, by £45m for the year ended 31 January 2021.

Government grants in the six months to 31 July 2021 lowered the operating costs of the Group by £4m.

Refer to note 33 of the 2020/21 annual accounts for further details of government financing support received and fully repaid in the prior year.

8. Income tax expense

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
UK corporation tax			
Current tax on profits for the period	**(78)**	(81)	(102)
Adjustments in respect of prior years	**3**	4	10
	(75)	(77)	(92)
Overseas tax			
Current tax on profits for the period	**(53)**	(13)	(61)
Adjustments in respect of prior years	**(2)**	4	5
	(55)	(9)	(56)
Deferred tax			
Current period	**(16)**	(4)	(26)
Adjustments in respect of prior years	**–**	–	2
Adjustments in respect of changes in tax rates	**25**	9	8
	9	5	(16)
Income tax expense	**(121)**	(81)	(164)

The adjusted effective tax rate on profit before adjusting items is 22% (2020/21: 24%), representing the best estimate of the effective rate for the full financial year. The adjusted effective tax rate on the same basis for the year ended 31 January 2021 was 23%.

The UK Budget on 3 March 2021 announced the intention to increase the tax rate from the current rate of 19% to 25%, with effect from April 2023. The change was substantively enacted in May 2021, with the effect of reducing the net deferred tax liability as reported at the year end by £25m. This reflects an increase in net deferred tax assets that would be expected to reverse in the future at the new rate, with net deferred tax liabilities not impacted by this future change in rate.

9. Earnings per share

Pence	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Basic earnings per share	**26.4**	15.1	28.1
Effect of dilutive share options	**(0.2)**	(0.1)	(0.2)
Diluted earnings per share	**26.2**	15.0	27.9
Basic earnings per share	**26.4**	15.1	28.1
Adjusting items before tax	**(0.4)**	0.8	1.4
Prior year and other adjusting tax items	**(1.1)**	(0.8)	(0.8)
Adjusted basic earnings per share	**24.9**	15.1	28.7
Diluted earnings per share	**26.2**	15.0	27.9
Adjusting items before tax	**(0.4)**	0.8	1.4
Prior year and other adjusting tax items	**(1.1)**	(0.8)	(0.8)
Adjusted diluted earnings per share	**24.7**	15.0	28.5

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to equity shareholders of the Company. A reconciliation of statutory earnings to adjusted earnings is set out below:

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Earnings	**556**	317	592
Adjusting items before tax	**(8)**	17	30
Prior year and other adjusting tax items	**(23)**	(17)	(18)
Adjusted earnings	**525**	317	604

The weighted average number of shares in issue during the period, excluding those held in the Employee Share Ownership Plan Trust ('ESOP trust'), is set out below:

Weighted average number of shares (millions)	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Basic	**2,103**	2,104	2,105
Diluted	**2,125**	2,113	2,119

10. Dividends

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Dividends to equity shareholders of the Company			
Ordinary interim dividend for the year ended 31 January 2021 of 2.75p per share	**58**	–	–
Ordinary final dividend for the year ended 31 January 2021 of 5.50p per share	**116**	–	–
	174	–	–

The proposed interim ordinary dividend for the period ended 31 July 2021 is 3.80p per share (2020/21: 2.75p per share).

11. Property, plant and equipment, investment property and other intangible assets

Additions to the cost of property, plant and equipment, investment property and other intangible assets are £125m (2020/21: £84m) and for the year ended 31 January 2021 were £283m. Disposals in net book value of property, plant and equipment, investment property, property assets held for sale and other intangible assets are £6m (2020/21: £4m) and for the year ended 31 January 2021 were £38m.

Capital commitments contracted but not provided for at the end of the period are £64m (2020/21: £58m) and at 31 January 2021 were £38m.

12. Post-employment benefits

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Net surplus in schemes at beginning of period	**359**	277	277
Current service cost	**(6)**	(6)	(9)
Past service cost	**–**	–	(1)
Administration costs	**(2)**	(2)	(3)
Net interest income	**4**	3	6
Net remeasurement (losses)/gains	**(12)**	195	68
Contributions paid by employer	**13**	13	29
Exchange differences	**5**	(10)	(8)
Net surplus in schemes at end of period	**361**	470	359
UK	**506**	612	504
Overseas	**(145)**	(142)	(145)
Net surplus in schemes at end of period	**361**	470	359
Present value of defined benefit obligations	**(3,310)**	(3,302)	(3,257)
Fair value of scheme assets	**3,671**	3,772	3,616
Net surplus in schemes at end of period	**361**	470	359

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 provided in note 28 of the annual financial statements for the year ended 31 January 2021.

During the period the UK scheme purchased an annuity for £902m from a major insurance company. This targeted certain pensioner liabilities, removing the longevity risk associated with these members. Measured against the long-term funding objective that has been agreed between Kingfisher and the Trustee, the transaction generated a funding improvement as well as a significant reduction in funding risk. As the cost of the annuity of £902m was greater than the IAS 19 accounting value of the corresponding liabilities, a loss of £87m has been recorded in other comprehensive income.

A key assumption in valuing the pension obligation is the discount rate. Accounting standards require this to be set based on market yields on high quality corporate bonds at the balance sheet date. 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.

The principal financial assumptions for the UK scheme, being the Group's principal defined benefit scheme, are set out below:

Annual % rate	At 31 July 2021	At 31 July 2020	At 31 January 2021
Discount rate	**1.6**	1.5	1.5
Price inflation	**3.2**	2.9	2.9

13. Financial instruments

The Group holds the following derivative financial instruments at fair value:

£ millions	At 31 July 2021	At 31 July 2020	At 31 January 2021
Foreign exchange contracts	**11**	34	5
Derivative assets	**11**	34	5

£ millions	At 31 July 2021	At 31 July 2020	At 31 January 2021
Cross currency interest rate swaps	**(2)**	–	(1)
Foreign exchange contracts	**(25)**	(50)	(59)
Derivative liabilities	**(27)**	(50)	(60)

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.

Except as detailed in the following table of borrowings, the carrying amounts of financial instruments (excluding lease liabilities) recorded at amortised cost in the financial statements are approximately equal to their fair values. Where available, market values have been used to determine the fair values of borrowings. Where market values are not available or are not reliable, fair values have been calculated by discounting cash flows at prevailing interest and foreign exchange rates. This has resulted in level 2 inputs for borrowings as defined by the IFRS 13 fair value hierarchy.

			Carrying amount
£ millions	At 31 July 2021	At 31 July 2020 restated (note 2)	At 31 January 2021
Bank overdrafts	**19**	701	6
Bank loans	**3**	2	4
Fixed term debt	**91**	633	93
Borrowings	**113**	1,336	103

			Fair value
£ millions	At 31 July 2021	At 31 July 2020 restated (note 2)	At 31 January 2021
Bank overdrafts	**19**	701	6
Bank loans	**3**	3	4
Fixed term debt	**93**	645	95
Borrowings	**115**	1,349	105

Cash and borrowings balances at 31 July 2021 and 31 January 2021 (and the restated balances at 31 July 2020) reflect the grossing up of cash and overdraft balances subject to the Group's cash pooling arrangements to ensure the Group's presentation of these balances is in line with the requirements for offsetting in accordance with IAS 32. See note 2.

Fixed term debt comprises a €50m term loan maturing in September 2021 and a £50m term loan maturing in December 2021.

As at 31 July 2021, the Group had an undrawn revolving credit facility (RCF) of £550m due to expire in May 2024. This replaced the £225m and £493m facilities, due to expire in March 2022 and August 2023 respectively, which were cancelled in June 2021.

14. Other reserves

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
	Half year ended 31 July 2021			
At 1 February 2021	**234**	**(32)**	**159**	**361**
Inventory cash flow hedges - fair value gains	**–**	**6**	**–**	**6**
Tax on items that will not be reclassified subsequently to profit or loss	**–**	**(2)**	**–**	**(2)**
Currency translation differences				
Group	**(148)**	**–**	**–**	**(148)**
Joint ventures and associates	**(2)**	**–**	**–**	**(2)**
Other cash flow hedges				
Fair value gains	**–**	**4**	**–**	**4**
Gains transferred to income statement	**–**	**(4)**	**–**	**(4)**
Other comprehensive (loss)/income for the period	**(150)**	**4**	**–**	**(146)**
Inventory cash flow hedges - losses transferred to inventories	**–**	**34**	**–**	**34**
Tax on equity items	**–**	**(8)**	**–**	**(8)**
At 31 July 2021	**84**	**(2)**	**159**	**241**

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
	Half year ended 31 July 2020			
At 1 February 2020	75	(6)	159	228
Inventory cash flow hedges - fair value losses	–	(7)	–	(7)
Tax on items that will not be reclassified subsequently to profit or loss	–	2	–	2
Currency translation differences				
Group	204	–	–	204
Other cash flow hedges				
Fair value gains	–	6	–	6
Gains transferred to income statement	–	(6)	–	(6)
Other comprehensive income/(loss) for the period	204	(5)	–	199
Inventory cash flow hedges - gains transferred to inventories	–	(19)	–	(19)
Tax on equity items	–	6	–	6
At 31 July 2020	279	(24)	159	414

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
	Year ended 31 January 2021			
At 1 February 2020	75	(6)	159	228
Inventory cash flow hedges - fair value losses	–	(48)	–	(48)
Tax on items that will not be reclassified subsequently to profit or loss	–	11	–	11
Currency translation differences				
Group	112	–	–	112
Joint ventures and associates	(2)	–	–	(2)
Transferred to income statement	49	–	–	49
Other cash flow hedges				
Fair value gains	–	5	–	5
Gains transferred to income statement	–	(5)	–	(5)
Other comprehensive income/(loss) for the year	159	(37)	–	122
Inventory cash flow hedges - losses transferred to inventories	–	13	–	13
Tax on equity items	–	(2)	–	(2)
At 31 January 2021	234	(32)	159	361

15. Cash generated by operations

£ millions	Half year ended 31 July 2021	Half year ended 31 July 2020	Year ended 31 January 2021
Operating profit	**747**	486	916
Share of post-tax results of joint ventures and associates	**(1)**	2	(6)
Depreciation and amortisation	**273**	264	536
Net impairment charges/(reversals)	**2**	24	(7)
Gain on disposal of property, plant and equipment, investment property, assets held for sale and intangible assets	**(1)**	–	(10)
Loss on disposals of subsidiaries	**–**	–	49
Share-based compensation charge	**14**	11	14
(Increase)/decrease in inventories	**(303)**	208	86
(Increase)/decrease in trade and other receivables	**(33)**	(39)	17
Increase in trade and other payables	**487**	477	267
Movement in provisions	**(19)**	(16)	(30)
Movement in post-employment benefits	**(5)**	(5)	(16)
Cash generated by operations	**1,161**	1,412	1,816

16. Net debt

£ millions	At 31 July 2021	At 31 July 2020 restated (note 2)	At 31 January 2021
Cash and cash equivalents	**1,535**	2,450	1,142
Cash and cash equivalents held for sale	**–**	15	–
Bank overdrafts	**(19)**	(701)	(6)
Cash and cash equivalents and bank overdrafts including amounts held for sale	**1,516**	1,764	1,136
Bank loans	**(3)**	(2)	(4)
Fixed term debt	**(91)**	(633)	(93)
Lease liabilities	**(2,319)**	(2,497)	(2,421)
Lease liabilities directly associated with assets held for sale	**–**	(29)	–
Net financing derivatives	**(11)**	20	(12)
Net debt	**(908)**	(1,377)	(1,394)

£ millions	At 31 July 2021	At 31 July 2020	At 31 January 2021
Net debt at beginning of period	**(1,394)**	(2,526)	(2,526)
Net increase in cash and cash equivalents and bank overdrafts	**444**	1,513	881
Repayment of bank loans	**3**	1	1
Issue of fixed term debt	**–**	(1,950)	(1,950)
Repayment of fixed term debt	**–**	1,461	2,011
Receipt on financing derivatives	**–**	–	(1)
Net cash flow	**447**	1,025	942
Lease liabilities disposed	**–**	–	27
Other movements in lease liabilities	**78**	69	136
Exchange differences and other non-cash movements	**(39)**	55	27
Net debt at end of period	**(908)**	(1,377)	(1,394)

17. 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 state aid. The UK Government and the Group, along with other UK-based international companies, have appealed the European Commission decision to the European Courts.

Notwithstanding these appeals, under EU law, the UK government is required to commence collection proceedings. 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 final impact on the Group remains uncertain but based upon advice taken, the Group considers that no liability is required at this time and, consequently, £64m is included in non-current assets to reflect the Group’s view that the amount paid 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, other than the state aid case described above, the Group does not currently expect the outcome of these contingent liabilities to have a material effect on the Group’s financial position.

18. Related party transactions

The Group’s significant related parties are its joint venture, associate and pension schemes as disclosed in note 39 of the annual financial statements for the year ended 31 January 2021. There have been no significant changes in related parties or related party transactions in the period.

19. Post balance sheet events

There have been no material post balance sheet events between the balance sheet date and 20 September 2021, the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that the condensed interim financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting", and that the Interim Results includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

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

The Directors of Kingfisher plc were listed in the Group's 2020/21 Annual Report and Accounts. A list of current Directors is maintained on the Kingfisher plc website which can be found at www.kingfisher.com.

By order of the Board

Thierry Garnier	Bernard Bot
Chief Executive Officer	Chief Financial Officer
20 September 2021	20 September 2021

INDEPENDENT REVIEW REPORT TO KINGFISHER PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2021 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed balance sheet and the cash flow statement and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards as issued by the IASB. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
20 September 2021