

Kingfisher plc
2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Half year ended 31 July 2022			Half year ended 31 July 2021		
		Before adjusting items	Adjusting items (note 5)	Total	Before adjusting items	Adjusting items (note 5)	Total
Sales	4	6,809	–	6,809	7,101	–	7,101
Cost of sales		(4,313)	–	(4,313)	(4,404)	–	(4,404)
Gross profit		2,496	–	2,496	2,697	–	2,697
Selling and distribution expenses		(1,549)	1	(1,548)	(1,554)	–	(1,554)
Administrative expenses		(434)	–	(434)	(417)	7	(410)
Other income		11	1	12	12	1	13
Share of post-tax results of joint ventures and associates		5	–	5	1	–	1
Operating profit	4	529	2	531	739	8	747
Finance costs		(65)	–	(65)	(76)	–	(76)
Finance income		8	–	8	6	–	6
Net finance costs	6	(57)	–	(57)	(70)	–	(70)
Profit before taxation		472	2	474	669	8	677
Income tax expense	7	(104)	3	(101)	(144)	23	(121)
Profit for the period		368	5	373	525	31	556
Earnings per share	8						
Basic				18.6p			26.4p
Diluted				18.3p			26.2p
Adjusted basic				18.3p			24.9p
Adjusted diluted				18.0p			24.7p

The proposed interim ordinary dividend for the period ended 31 July 2022 is 3.80p per share (2021/22: 3.80p per share).

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2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED INCOME STATEMENT

£ millions	Notes	Year ended 31 January 2022		Total
		Before adjusting items	Adjusting items (note 5)	
Sales	4	13,183	–	13,183
Cost of sales		(8,248)	–	(8,248)
Gross profit		4,935	–	4,935
Selling and distribution expenses		(3,041)	42	(2,999)
Administrative expenses		(836)	13	(823)
Other income		23	3	26
Share of post-tax results of joint ventures and associates		5	–	5
Operating profit	4	1,086	58	1,144
Finance costs		(148)	–	(148)
Finance income		11	–	11
Net finance costs	6	(137)	–	(137)
Profit before taxation		949	58	1,007
Income tax expense	7	(212)	48	(164)
Profit for the year		737	106	843
Earnings per share	8			
Basic				40.3p
Diluted				39.8p
Adjusted basic				35.2p
Adjusted diluted				34.8p

Kingfisher plc
2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£ millions	Notes	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Profit for the period		373	556	843
Remeasurements of post-employment benefits	11	(14)	(12)	21
Inventory cash flow hedges – fair value gains		113	6	59
Tax on items that will not be reclassified		(24)	1	(18)
Total items that will not be reclassified subsequently to profit or loss		75	(5)	62
Currency translation differences				
Group		(22)	(148)	(218)
Joint ventures and associates		(1)	(2)	(7)
Other cash flow hedges				
Fair value gains		–	4	1
Gains transferred to income statement		–	(4)	(1)
Total items that may be reclassified subsequently to profit or loss		(23)	(150)	(225)
Other comprehensive income/(expense) for the period		52	(155)	(163)
Total comprehensive income for the period		425	401	680

Kingfisher plc
2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£ millions	Half year ended 31 July 2022						
	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2022	325	2,228	(46)	4,025	50	196	6,778
Profit for the period	-	-	-	373	-	-	373
Other comprehensive (expense)/income for the period	-	-	-	(10)	-	62	52
Total comprehensive income for the period	-	-	-	363	-	62	425
Inventory cash flow hedges – gains transferred to inventories	-	-	-	-	-	(61)	(61)
Share-based compensation	-	-	-	11	-	-	11
New shares issued under share schemes	-	-	-	2	-	-	2
Own shares issued under share schemes	-	-	17	(17)	-	-	-
Purchase of own shares for cancellation	(13)	-	-	(225)	13	-	(225)
Dividends	-	-	-	(172)	-	-	(172)
Tax on equity items	-	-	-	(1)	-	14	13
At 31 July 2022	312	2,228	(29)	3,986	63	211	6,771

£ millions	Half year ended 31 July 2021						
	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2021	332	2,228	(23)	3,630	43	361	6,571
Profit for the period	-	-	-	556	-	-	556
Other comprehensive expense for the period	-	-	-	(9)	-	(146)	(155)
Total comprehensive income/(expense) 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	Year ended 31 January 2022						
	Share capital	Share premium	Own shares held	Retained earnings	Capital redemption reserve	Other reserves (note 14)	Total equity
At 1 February 2021	332	2,228	(23)	3,630	43	361	6,571
Profit for the year	-	-	-	843	-	-	843
Other comprehensive income/(expense) for the year	-	-	-	16	-	(179)	(163)
Total comprehensive income/(expense) for the year	-	-	-	859	-	(179)	680
Inventory cash flow hedges – losses transferred to inventories	-	-	-	-	-	16	16
Share-based compensation	-	-	-	27	-	-	27
New shares issued under share schemes	-	-	-	5	-	-	5
Own shares issued under share schemes	-	-	15	(15)	-	-	-
Purchase of own shares for cancellation	(7)	-	-	(226)	7	-	(226)
Purchase of own shares for ESOP trust	-	-	(38)	-	-	-	(38)
Dividends	-	-	-	(254)	-	-	(254)
Tax on equity items	-	-	-	(1)	-	(2)	(3)
At 31 January 2022	325	2,228	(46)	4,025	50	196	6,778

Kingfisher plc
2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED BALANCE SHEET

£ millions	Notes	At 31 July 2022	At 31 July 2021	At 31 January 2022
Non-current assets				
Goodwill		2,424	2,425	2,424
Other intangible assets	10	353	320	330
Property, plant and equipment	10	3,086	2,982	3,078
Investment property	10	33	20	33
Right-of-use assets		1,842	1,785	1,885
Investments in joint ventures and associates		20	18	17
Post-employment benefits	11	542	506	540
Deferred tax assets		9	19	10
Other tax authority asset	17	64	64	64
Derivative assets	12	2	–	1
Other receivables		17	26	22
		8,392	8,165	8,404
Current assets				
Inventories		3,138	2,730	2,749
Trade and other receivables		364	317	300
Derivative assets	12	82	11	37
Current tax assets		37	23	33
Cash and cash equivalents		496	1,535	823
Assets held for sale		5	6	6
		4,122	4,622	3,948
Total assets		12,514	12,787	12,352
Current liabilities				
Trade and other payables		(2,891)	(2,947)	(2,674)
Borrowings	12	(17)	(111)	(14)
Lease liabilities		(334)	(333)	(347)
Derivative liabilities	12	(13)	(27)	(12)
Current tax liabilities		(19)	(126)	(46)
Provisions		(16)	(35)	(23)
		(3,290)	(3,579)	(3,116)
Non-current liabilities				
Other payables		(10)	(11)	(10)
Borrowings	12	(1)	(2)	(2)
Lease liabilities		(1,984)	(1,986)	(2,029)
Derivative liabilities	12	–	–	(1)
Deferred tax liabilities		(310)	(231)	(276)
Provisions		(12)	(22)	(10)
Post-employment benefits	11	(136)	(145)	(130)
		(2,453)	(2,397)	(2,458)
Total liabilities		(5,743)	(5,976)	(5,574)
Net assets		6,771	6,811	6,778
Equity				
Share capital	13	312	332	325
Share premium		2,228	2,228	2,228
Own shares held in ESOP trust		(29)	(41)	(46)
Retained earnings		3,986	4,008	4,025
Capital redemption reserve		63	43	50
Other reserves	14	211	241	196
Total equity		6,771	6,811	6,778

The interim financial report was approved by the Board of Directors on 19 September 2022 and signed on its behalf by:

Thierry Garnier, Chief Executive Officer

Bernard Bot, Chief Financial Officer

Kingfisher plc
2022/23 INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
CONSOLIDATED CASH FLOW STATEMENT

£ millions	Notes	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Operating activities				
Cash generated by operations	15	584	1,161	1,411
Income tax paid		(75)	(78)	(169)
French tax authority payment	7	(34)	–	–
Other tax authority payments	17	–	(64)	(64)
Net cash flows from operating activities		475	1,019	1,178
Investing activities				
Purchase of property, plant and equipment and intangible assets		(184)	(131)	(397)
Disposal of property, plant and equipment, investment property, assets held for sale and intangible assets		1	7	9
Disposal of businesses, net of cash disposed		–	–	7
Interest received		1	1	2
Interest element of lease rental receipts		1	1	1
Principal element of lease rental receipts		2	2	3
Advance payments on right-of-use assets		(2)	(1)	(11)
Advance receipts on right-of-use assets		2	–	–
Dividends received from joint ventures and associates		1	1	1
Net cash flows used in investing activities		(178)	(120)	(385)
Financing activities				
Interest paid		(3)	(5)	(22)
Interest element of lease rental payments		(62)	(69)	(135)
Principal element of lease rental payments		(164)	(177)	(341)
Repayment of bank loans		–	(3)	(2)
Repayment of fixed term debt		–	–	(95)
New shares issued under share schemes		2	2	5
Purchase of own shares for cancellation		(218)	–	(157)
Purchase of own shares for ESOP trust		(9)	(29)	(29)
Ordinary dividends paid to equity shareholders of the Company	9	(172)	(174)	(254)
Net cash flows used in financing activities		(626)	(455)	(1,030)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts				
		(329)	444	(237)
Cash and cash equivalents and bank overdrafts at beginning of period		809	1,136	1,136
Exchange differences		(1)	(64)	(90)
Cash and cash equivalents and bank overdrafts at end of period		479	1,516	809

Kingfisher plc
2022/23 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 2022 were approved by the Board of Directors on 21 March 2022 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 19 September 2022.

2. Basis of preparation

The interim financial report for the six months ended 31 July 2022 ('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 2022, which have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs). 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, '2021/22' refers to the six months ended 31 July 2021.

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 2022.

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).

In forming their outlook on the future financial performance, the Directors considered the post-COVID 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 that 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.£1.9bn (22% 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 revolving credit facility (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 forecast by the Directors under this remote scenario, the Group would need to implement additional operational or financial measures.

New and amended accounting standards

New standards, amendments and interpretations are in issue and effective for the Group's financial year ended 31 January 2023, but they do not have a material impact on the interim financial report.

Principal rates of exchange against Sterling

	Half year ended 31 July 2022		Half year ended 31 July 2021		Year ended 31 January 2022	
	Average rate	Period end rate	Average rate	Period end rate	Average rate	Year end rate
Euro	1.18	1.19	1.16	1.17	1.17	1.20
US Dollar	1.27	1.22	1.39	1.39	1.38	1.34
Polish Zloty	5.53	5.64	5.27	5.35	5.34	5.49
Romanian Leu	5.85	5.87	5.70	5.76	5.76	5.92

Risks and uncertainties

The principal risks and uncertainties to which the Group is exposed are set out on pages 42-48 of the Kingfisher plc Annual Report and Accounts for the year ended 31 January 2022. 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. The Group 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 the Group 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/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.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2022, 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 2022 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

	Half year ended 31 July 2022					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Sales	3,221	2,325	913	350	1,263	6,809
Retail profit	339	129	94	(7)	87	555
Central costs						(26)
Adjusting items						2
Operating profit						531
Net finance costs						(57)
Profit before taxation						474

	Half year ended 31 July 2021					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
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

	Year ended 31 January 2022					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Sales	6,505	4,498	1,525	655	2,180	13,183
Retail profit	794	221	135	(2)	133	1,148
Central costs						(60)
Share of interest and tax of joint ventures and associates						(2)
Adjusting items						58
Operating profit						1,144
Net finance costs						(137)
Profit before taxation						1,007

Balance sheet

	At 31 July 2022					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
Segment assets	3,198	1,753	988	301	1,289	6,240
Central liabilities						(45)
Goodwill						2,424
Net debt						(1,848)
Net assets						6,771

	At 31 July 2021					
£ millions	UK & Ireland	France	Poland	Other	Other International	Total
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

At 31 January 2022

£ millions	UK & Ireland	France	<i>Poland</i>	<i>Other</i>	Other International	Total
Segment assets	3,052	1,682	942	332	1,274	6,008
Central liabilities						(82)
Goodwill						2,424
Net debt						(1,572)
Net assets						6,778

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 agreements. 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 current macro-economic environment, the phasing of sales is less predictable.

5. Adjusting items

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Included within selling and distribution expenses			
Release of France and other restructuring provisions	1	–	9
Net store asset impairment reversals	–	–	33
	1	–	42
Included within administrative expenses			
Release of France uncertain operating tax position	–	7	9
Commercial operating model restructuring	–	–	4
	–	7	13
Included within other income			
Profit on exit of properties	1	1	3
	1	1	3
Adjusting items before tax	2	8	58
Prior year and other adjusting tax items	3	23	48
Adjusting items	5	31	106

Current year adjusting items include a £1m credit arising due to savings on costs relating to legacy store closure programmes in France as compared with the original restructuring provisions recognised as adjusting items.

A profit of £1m has been recorded on the exit of one property in the UK.

Prior year and other adjusting tax items of £3m relates principally to the impact of the enacted future increase in the UK tax rate on deferred tax balances. This credit has been included within the income tax expense for the period. Refer to note 7.

Refer to note 5 of the 2021/22 interim accounts for further details on adjusting items for the half year ended 31 July 2021, and to note 5 of the 2021/22 annual accounts for further details on adjusting items for the year ended 31 January 2022.

6. Net finance costs

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Bank overdrafts and bank loans	(3)	(4)	(7)
Fixed term debt	–	(2)	(3)
Lease liabilities	(62)	(69)	(135)
Other interest payable	–	(1)	(3)
Finance costs	(65)	(76)	(148)
Cash and cash equivalents and short-term deposits	1	1	2
Net interest income on defined benefit pension schemes	6	4	8
Finance lease income	1	1	1
Finance income	8	6	11
Net finance costs	(57)	(70)	(137)

7. Income tax expense

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
UK corporation tax			
Current tax on profits for the period	(29)	(78)	(80)
Adjustments in respect of prior years	–	3	2
	(29)	(75)	(78)
Overseas tax			
Current tax on profits for the period	(49)	(53)	(87)
Adjustments in respect of prior years	–	(2)	31
	(49)	(55)	(56)
Deferred tax			
Current period	(26)	(16)	(56)
Adjustments in respect of prior years	1	–	1
Adjustments in respect of changes in tax rates	2	25	25
	(23)	9	(30)
Income tax expense	(101)	(121)	(164)

The adjusted effective tax rate on profit before adjusting items is 22% (2021/22: 22%), 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 2022 was 22%. The adjusted effective tax rate calculation is set out in the Financial Review in part 1 of this announcement.

During the period, a payment of €40m (£34m) was made to the French tax authorities relating to a historic tax liability. This amount was fully provided for at the prior year end.

8. Earnings per share

Pence	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Basic earnings per share	18.6	26.4	40.3
Effect of dilutive share options	(0.3)	(0.2)	(0.5)
Diluted earnings per share	18.3	26.2	39.8
Basic earnings per share	18.6	26.4	40.3
Adjusting items before tax	(0.1)	(0.4)	(2.8)
Prior year and other adjusting tax items	(0.2)	(1.1)	(2.3)
Adjusted basic earnings per share	18.3	24.9	35.2
Diluted earnings per share	18.3	26.2	39.8
Adjusting items before tax	(0.1)	(0.4)	(2.7)
Prior year and other adjusting tax items	(0.2)	(1.1)	(2.3)
Adjusted diluted earnings per share	18.0	24.7	34.8

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 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Profit for the period	373	556	843
Adjusting items before tax	(2)	(8)	(58)
Prior year and other adjusting tax items	(3)	(23)	(48)
Adjusted profit for the period	368	525	737

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 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Basic	2,012	2,103	2,092
Diluted	2,035	2,125	2,116

9. Dividends

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Dividends to equity shareholders of the Company			
Ordinary final dividend for the year ended 31 January 2022 of 8.60p per share	172	–	–
Ordinary interim dividend for the year ended 31 January 2022 of 3.80p per share	–	–	80
Ordinary final dividend for the year ended 31 January 2021 of 5.50p per share	–	116	116
Ordinary interim dividend for the year end 31 January 2021 of 2.75p per share	–	58	58
	172	174	254

The proposed interim ordinary dividend for the period ended 31 July 2022 is 3.80p per share (2021/22: 3.80p per share).

10. 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 £174m (2021/22: £125m) and for the year ended 31 January 2022 were £412m. Disposals in net book value of property, plant and equipment, investment property, property assets held for sale and other intangible assets are £1m (2021/22: £6m) and for the year ended 31 January 2022 were £9m.

Capital commitments contracted but not provided for at the end of the period are £55m (2021/22: £64m) and at 31 January 2022 were £31m.

11. Post-employment benefits

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Net surplus in schemes at beginning of period	410	359	359
Current service cost	(6)	(6)	(14)
Administration costs	(2)	(2)	(3)
Net interest income	6	4	8
Net remeasurement (losses)/gains	(14)	(12)	21
Contributions paid by employer	13	13	30
Exchange differences	(1)	5	9
Net surplus in schemes at end of period	406	361	410
UK	542	506	540
Overseas	(136)	(145)	(130)
Net surplus in schemes at end of period	406	361	410
Present value of defined benefit obligations	(2,408)	(3,310)	(3,084)
Fair value of scheme assets	2,814	3,671	3,494
Net surplus in schemes at end of period	406	361	410

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 2022.

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 2019 with the next valuation currently ongoing.

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 2022	At 31 July 2021	At 31 January 2022
Discount rate	3.4	1.6	2.2
Price inflation	3.3	3.2	3.5

12. Financial instruments

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

£ millions	At 31 July 2022	At 31 July 2021	At 31 January 2022
Foreign exchange contracts	84	11	38
Derivative assets	84	11	38

£ millions	At 31 July 2022	At 31 July 2021	At 31 January 2022
Cross currency interest rate swaps	–	(2)	–
Foreign exchange contracts	(13)	(25)	(13)
Derivative liabilities	(13)	(27)	(13)

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.

£ millions	Carrying amount		
	At 31 July 2022	At 31 July 2021	At 31 January 2022
Bank overdrafts	17	19	14
Bank loans	1	3	2
Fixed term debt	–	91	–
Borrowings	18	113	16

£ millions	Fair value		
	At 31 July 2022	At 31 July 2021	At 31 January 2022
Bank overdrafts	17	19	14
Bank loans	1	3	3
Fixed term debt	–	93	–
Borrowings	18	115	17

Cash and borrowings balances at 31 July 2022, 31 July 2021 and 31 January 2022 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.

As at 31 July 2022, the Group had an undrawn revolving credit facility (RCF) of £550m due to expire in May 2025 (2021/22: £550m RCF due to expire in May 2024). As at 31 January 2022, the Group had an undrawn RCF of £550m due to expire in May 2024.

13. Share Capital

	Number of ordinary shares millions	Ordinary share capital £ millions
Allotted, called up and fully paid:		
At 1 February 2022	2,066	325
New shares issued under share schemes	1	–
Purchase of own shares for cancellation	(82)	(13)
At 31 July 2022	1,985	312
At 1 February 2021	2,111	332
At 31 July 2021	2,111	332
At 1 February 2021	2,111	332
New shares issued under share schemes	2	–
Purchase of own shares for cancellation	(47)	(7)
At 31 January 2022	2,066	325

Ordinary shares have a par value of 15⁵/₇ pence per share and carry full voting, dividend and capital distribution rights.

During the half-year the Group purchased 82 million of the Company's own shares for cancellation at a cost of £218m as part of its capital returns programme.

14. Other reserves

£ millions	Half year ended 31 July 2022			
	Translation reserve	Cash flow hedge reserve	Other	Total
At 1 February 2022	10	27	159	196
Inventory cash flow hedges - fair value gains	–	113	–	113
Tax on items that will not be reclassified subsequently to profit or loss	–	(28)	–	(28)
Currency translation differences				
Group	(22)	–	–	(22)
Joint ventures and associates	(1)	–	–	(1)
Other comprehensive (expense)/income for the period	(23)	85	–	62
Inventory cash flow hedges - gains transferred to inventories	–	(61)	–	(61)
Tax on equity items	(1)	15	–	14
At 31 July 2022	(14)	66	159	211

£ millions	Half year ended 31 July 2021			
	Translation reserve	Cash flow hedge reserve	Other	Total
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 (expense)/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

Year ended 31 January 2022

£ millions	Translation reserve	Cash flow hedge reserve	Other	Total
At 1 February 2021	234	(32)	159	361
Inventory cash flow hedges - fair value gains	–	59	–	59
Tax on items that will not be reclassified subsequently to profit or loss	–	(13)	–	(13)
Currency translation differences				
Group	(218)	–	–	(218)
Joint ventures and associates	(7)	–	–	(7)
Other cash flow hedges				
Fair value gains	–	1	–	1
Gains transferred to income statement	–	(1)	–	(1)
Other comprehensive (expense)/income for the year	(225)	46	–	(179)
Inventory cash flow hedges - losses transferred to inventories	–	16	–	16
Tax on equity items	1	(3)	–	(2)
At 31 January 2022	10	27	159	196

15. Cash generated by operations

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Operating profit	531	747	1,144
Share of post-tax results of joint ventures and associates	(5)	(1)	(5)
Depreciation and amortisation	282	273	555
Net impairment charges/(reversals)	–	2	(31)
(Gain)/loss on disposal of property, plant and equipment, investment property, assets held for sale and intangible assets	–	(1)	1
Lease gains	(2)	–	(1)
Share-based compensation charge	11	14	27
Increase in inventories	(395)	(303)	(359)
Increase in trade and other receivables	(59)	(33)	(23)
Increase in trade and other payables	231	487	158
Movement in provisions	(5)	(19)	(42)
Movement in post-employment benefits	(5)	(5)	(13)
Cash generated by operations	584	1,161	1,411

16. Net debt

£ millions	At 31 July 2022	At 31 July 2021	At 31 January 2022
Cash and cash equivalents	496	1,535	823
Bank overdrafts	(17)	(19)	(14)
Cash and cash equivalents and bank overdrafts	479	1,516	809
Bank loans	(1)	(3)	(2)
Fixed term debt	–	(91)	–
Lease liabilities	(2,318)	(2,319)	(2,376)
Net financing derivatives	(8)	(11)	(3)
Net debt	(1,848)	(908)	(1,572)

£ millions	Half year ended 31 July 2022	Half year ended 31 July 2021	Year ended 31 January 2022
Net debt at beginning of period	(1,572)	(1,394)	(1,394)
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(329)	444	(237)
Repayment of bank loans	–	3	2
Repayment of fixed term debt	–	–	95
Net cash flow	(329)	447	(140)
Movements in lease liabilities	57	78	7
Exchange differences and other non-cash movements	(4)	(39)	(45)
Net debt at end of period	(1,848)	(908)	(1,572)

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 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. On 8 June 2022, the General Court of the European Union dismissed several of those appeals, including the UK Government's. It is expected that this decision will be appealed to the European Court of Justice.

The final impact on the Group remains uncertain but, based upon advice taken, the Group continues to consider that the amount paid of £64m, 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 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 38 of the annual financial statements for the year ended 31 January 2022. There have been no significant changes in related parties or related party transactions in the period.

19. Post balance sheet events

During the period since the balance sheet date, the Group purchased 25 million of the Company's own shares for cancellation at a cost of £60m. This amount was deducted from equity in the half-year to 31 July 2022 as a result of an irrevocable buyback agreement which was in place at 31 July 2022.

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 2021/22 Annual Report and Accounts. Bill Lennie joined the Board as a non-executive Director on 1 May 2022. 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
Chief Executive Officer
19 September 2022

Bernard Bot
Chief Financial Officer
19 September 2022

INDEPENDENT REVIEW REPORT TO KINGFISHER PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2022 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed balance sheet, the condensed cash flow statement and related notes 1 to 19.

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 2022 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.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 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 (ISRE (UK) 2410). 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards and 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".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. 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
19 September 2022