



Unaudited Interim results for Likewise Group plc
FOR THE SIX MONTHS ENDED 30 JUNE 2023

LIKEWISE GROUP PLC

Officers and professional advisers

The board of directors	P P S Bassi A J Brewer R Povey A J W Simpson M A Steventon
Company secretary	R Povey
Registered number	08010067
Registered office	Unit 4 Radial Park Radial Way Birmingham Business Park Solihull Birmingham United Kingdom B37 7WN

CHIEF EXECUTIVE'S REPORT

Likewise Group plc (AIM:LIKE), the fast growing UK floor coverings distributor, is pleased to announce its unaudited interim results for the six months ended 30 June 2023 (the "Period" or "H1 23") and a continuation of positive sales growth, notwithstanding market conditions which provide well publicised challenges.

Summary highlights

- Total sales revenue increased by 17.3% from £56.8 million to £66.6 million
- Continued growth in organic sales @ 22.3%
- Adjusted underlying profit from operations £1.2 million (H1 2022: £2.0 million)
- Adjusted profit before tax £0.7 million, principally impacted by the accelerated investment in the business (H1 2022: £1.9 million)
- Adjusted EBITDA £3.1 million (H1 2022: £3.6 million)
- Positive cash generation from Operating Activities of £1.68 million, allowing further investment in property, plant and equipment
- Interim dividend of 0.1p per share
- Increased capacity of distribution network to 15,000,000 cu. ft.
- Continuing investment in point of sale

¹ Adjusted EBITDA is defined as profit before finance costs, tax, depreciation, amortisation, separately disclosed items and share based payments.

² Adjusted profit before tax is defined as profit before amortisation, separately disclosed items and share based payments.

H1 23 highlights:

Group Revenue in H1 23 increased by 17.3% from £56.8 million to £66.6 million. Whilst profitability reduced in the short term this is principally due to investing in the future growth.

The strong increases in Group Revenue over the past four years demonstrates an exponential gain in Market Share and the ongoing enlargement of Logistics and Sales Infrastructure will facilitate the continuation of Market Share progress.

The Balance Sheet continues to be strong with Net Assets of £38.9 million including four Freehold Properties valued at £22.3 million and net debt of £2.1 million. To demonstrate the progress the Group has made in the last three years the Board is proposing its maiden Interim Dividend of 0.1 pence per Ordinary Share. The dividend will be paid on 17 November 2023 to shareholders on the register at the close of business on 13 October 2023, the ex-dividend date being 12 October 2023.

Current trading and outlook

The Group is beginning to benefit from operational gearing in H2 this year which will contribute towards continued investment in order to achieve short and medium objectives.

With H2 23 starting well the Group is well on target to meet market expectations for the financial year ending 31 December 2023 ("FY23") and more importantly is now ahead of the Group Revenue milestones to achieve its medium term aspirations.

Further testimony of the Group's progress is that August was a record month for Sales Revenue which provides confidence entering the traditionally busy Autumn period.

The significant investments made in the last three years will allow the Group to achieve its short term objectives of Group Revenue in excess of £200 million and with that initial target in sight the Group can now progress to further objectives in Sales with the corresponding Return on Sales and Investment.

Operations

In conjunction with Suppliers and Customers, the Group continues to invest in a significant amount of Point of Sale which is increasing market presence and expanding sales in all key product types; Carpet, Residential Vinyl, Laminate, Luxury Vinyl Tile, Artificial Grass with both Residential and Commercial categories performing strongly.

Valley Wholesale Carpets Limited ("Valley") continues to be an important contributor to Profitability and Positive Operational Cash Flow. Following development in South Wales, Valley is now poised to expand its operations to the South West of England and furthermore will extend its product offering into certain Hard Flooring. The further development of Valley can be achieved through the infrastructure already established.

Along with normal business development, the Group has accelerated its logistics capabilities. The New High Bay Distribution Centre in Glasgow is now operational and the Group is in the process of significantly increasing the cutting capacity in Birmingham and Derby, with additional opportunities to now fully utilise the previously dormant Distribution Centre in Newport.

Likewise has now established a sophisticated Logistics Network from its Distribution Centres in Glasgow, Newcastle, Leeds, Manchester, Birmingham, Newbury, Sudbury and London. Valley distributes significant volume from three Centres in Erith London, Derby and Newport. The Group will continue to increase Market Share and expand its Geographical reach into 2024.

The Group is currently using less than 60% of its total processing capacity through its established Logistics Operations and this headroom could be further increased with relatively small investment and Capital Expenditure.

People

Following five successful years implementing the financial infrastructure, reporting procedures and supporting our successful listing on AIM, Roy Povey has chosen to step down from his role as Chief Financial Officer for personal reasons. Roy will continue to support the business until his proposed exit in Spring 2024. Roy will be replaced in the immediate term by a combination of internal promotions for Ben Ashforth to Head of Financial Accounting and Reporting with Ian Roberts and David Fullard who will be responsible for the Operational Finance team. The Board wishes Roy well for his future and thanks him for his significant contribution to the Group's development.

Undoubtedly the most pleasing aspect is that we have recently been able to make announcements whereby individuals who are "learning their trade" have been promoted into senior and middle

management positions across our various activities of Logistics, IT, Sales and Finance. As the Group continues to expand it allows hardworking, diligent people the opportunity to fulfil their career aspirations with Likewise.

It is really encouraging that our management across the country are developing their skills in all aspects of the business, whilst in most cases being still relatively young and have many years ahead of them in their business career. Additionally there are a number of people who have joined the Group over the last few years who are already demonstrating skills and commitment with the likelihood of being management of the future.

The Board would like to thank all Suppliers, Customers, Management and Employees for their support and contribution to the ongoing development of Likewise.

The Group has been able to establish a meaningful Flooring Distribution business in challenging markets which must provide confidence that the Management Team established along with all employees can accelerate this growth as the economy and consumer spending improves.

CHIEF FINANCIAL OFFICER'S REPORT

	2023			2022		
	Underlying	Non-underlying **	Total	Underlying*	Non-underlying **	Total
Revenue	66,594,132	-	66,594,132	56,759,588	-	56,759,588
Cost of Sales	(46,794,353)	-	(46,794,353)	(39,296,875)	-	(39,296,875)
Gross Profit	19,799,779	-	19,799,779	17,462,713	-	17,462,713
Other operating income	-	-	-	782	-	782
Administrative expenses	(9,377,118)	(990,064)	(10,367,182)	(6,981,136)	(308,160)	(7,289,296)
Distribution costs	(9,164,355)	(30,537)	(9,194,892)	(8,470,203)	-	(8,470,203)
Acquisition costs	-	-	-	-	(1,293,112)	(1,293,112)
Impairment losses on trade receivables	(73,264)	-	(73,264)	(21,563)	-	(21,563)
Profit/(loss) from operations	1,185,042	(1,020,601)	164,441	1,990,593	(1,601,272)	389,321
Finance Income	21,417	-	21,417	161	-	161
Finance costs	(499,520)	(176,367)	(675,887)	(77,631)	(225,969)	(303,600)
Profit/(loss) before tax	706,939	(1,196,968)	(490,029)	1,913,123	(1,827,241)	85,882
Taxation	-	-	-	-	-	-
Profit/(Loss) for the period	706,939	(1,196,968)	(490,029)	1,913,123	(1,827,241)	85,882

* The figures initially presented in the interim accounts to 30 June 2022 included consolidation of Valley's results for the full 6 month period 1 January to 30 June 2022, and therefore included 13 days of pre-acquisition trade as the entity did not prepare daily management accounts and therefore the pre-acquisition trade was therefore not known. It was subsequently agreed with the Group's auditors to project the pre-acquisition trade based on January's full month results and to reduce revenue and cost of sales accordingly. In addition, the H1 2022 revenue figure previously disclosed also incorrectly included £582,192 of inter-group sales due to an error in a supporting schedule, but was identified and subsequently corrected in the annual financial statements for the year ended 31 December 2022. Please see note 19 for more information on this restatement of comparative information.

** Non-underlying values are exceptional items, which include share based payment transactions, acquisition costs, amortisation of acquisition intangibles and strategic project costs. Adjusted results are non-GAAP metrics used by management and are not an IFRS disclosure. Details of these charges can be seen in note 5 in the accounts below.

Revenue and Margin

In the six months to June 2023, Group revenue was £66.6 million, (H1- 2022: £56.6 million).

This represents a year on year increase of 17.3%.

Reflecting the continued investment in the group and the Likewise brand, the organic growth in the six months to June 2023 is 22.3%.

Gross profit for the period increased by 13% from £17.5 million to £19.8 million.

With the opening of the new facility in Glasgow and the distribution capacity now established at 15 million cubic feet, the group has started to see improvements in its operational gearing.

In the six months to June 2023, distribution costs as a percentage of sales were 13.8%, an improvement of over one percentage point over the 14.9% in the corresponding period in 2022.

Underlying profit before tax in the period to June 2023 was £0.7 million compared to £1.91 million for the same period in 2022.

Financial position

Net assets at 30 June 2023 were £38.9 million compared to £39.1 million, as presented in the full year financial statements to 31 December 2022.

The group balance sheet remains strong and with debt levels relatively low is well placed to support the business through the next phase of its development.

The closing cash position of £4.5 million was a reduction of -£1.4 million from the closing balance of £5.9 million as at 31 December 2022.

The positive operating cash generation in the period allowed the group to continue with investment in property, plant and equipment of £2.9 million and support the increased levels of working capital required, £0.8 million.

There was a small receipt of asset funding in the six months to June 2023, £0.3 million and the group will continue to consider appropriate forms of funding to support future growth.

LIKEWISE GROUP PLC

Interim Consolidated Statement of Comprehensive Income (Unaudited)
For the six months ended 30 June 2023

		6 month period ended 30 June 2023	6 month period ended 30 June 2022 <i>As restated</i>
	Notes	£	£
Revenue	3	66,594,132	56,759,588
Cost of sales		(46,794,353)	(39,296,875)
Gross profit		19,799,779	17,462,713
Other operating income	4	-	782
Administrative expenses		(10,367,182)	(8,582,408)
Distribution costs		(9,194,892)	(8,470,203)
Impairment gains/(losses) on trade receivables		(73,264)	(21,563)
Profit/(loss) from operations	5	164,441	389,321
Finance income		21,417	161
Finance costs		(675,887)	(303,600)
Profit before tax		(490,029)	85,882
Taxation	6	-	-
Profit for the financial period		(490,029)	85,882
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings		154,724	161,850
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation of foreign operations		(10,147)	(15,406)
Total comprehensive income for the financial period		(345,452)	232,326
Earnings per share		Pence per share	Pence per share
Basic profit per share	7	(0.20)	0.04
Diluted profit per share	7	(0.18)	0.03

LIKEWISE GROUP PLC

Interim Consolidated Statement of Financial Position (Unaudited)

	Notes	30 June 2023 £	31 December 2022 £
Assets			
Non-current assets			
Goodwill	9	5,624,284	5,624,284
Other intangible assets	10	4,012,450	4,208,884
Property, plant and equipment	11	29,594,420	28,003,809
Right-of-use assets	11	18,652,438	19,296,412
		<u>57,883,592</u>	<u>57,133,389</u>
Current assets			
Inventories		20,589,793	18,388,527
Trade and other receivables		18,112,605	15,573,303
Cash and cash equivalents		4,523,957	5,913,155
		<u>43,226,355</u>	<u>39,874,985</u>
Total assets		<u>101,109,947</u>	<u>97,008,374</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities		-	(4,380,365)
Loans and borrowings	12	(1,409,061)	(1,456,025)
Lease liabilities	12	(17,392,572)	(18,766,025)
Deferred tax liability		(2,496,677)	(2,496,677)
		<u>(21,298,310)</u>	<u>(27,099,092)</u>
Current liabilities			
Trade and other liabilities		(31,323,178)	(22,970,426)
Loans and borrowings	12	(5,232,509)	(4,595,139)
Lease liabilities	12	(4,327,825)	(3,182,373)
Provisions	14	(45,103)	(50,075)
		<u>(40,928,615)</u>	<u>(30,798,013)</u>
Total liabilities		<u>(62,226,925)</u>	<u>(57,897,105)</u>
Net assets		<u>38,883,022</u>	<u>39,111,269</u>
Equity			
Share capital	15	2,438,585	2,438,360
Share premium	15	17,386,650	17,384,625
Warrant reserve		128,170	128,170
Share option reserve	16	743,409	628,454
Revaluation reserve		2,817,108	2,662,384
Foreign exchange reserve		(50,634)	(40,487)
Retained earnings		15,419,734	15,909,763
Total equity		<u>38,883,022</u>	<u>39,111,269</u>

LIKEWISE GROUP PLC

Interim Consolidated Statements of Changes in Equity (Unaudited)
30 June 2023

	Share capital £	Share premium account £	Revaluation reserve £	Retained earnings £
Consolidated				
Balance at 1 January 2023	2,438,360	17,384,625	2,662,384	15,909,763
Loss for the period	-	-	-	(490,029)
Other comprehensive income	-	-	154,724	-
Issue of share capital	225	2,025	-	-
Share options exercised	-	-	-	-
Share issue costs	-	-	-	-
Reduction of share premium	-	-	-	-
Share option valuation	-	-	-	-
Dividends	-	-	-	-
Balance at 30 June 2023	2,438,585	17,386,650	2,817,108	15,419,734

	Share option reserve £	Warrant reserve £	Foreign exchange reserve £	Total £
Consolidated				
Balance at 1 January 2023	628,454	128,170	(40,487)	39,111,269
Loss for the period	-	-	-	(490,029)
Other comprehensive income	-	-	(10,147)	144,577
Issue of share capital	-	-	-	2,250
Share options exercised	-	-	-	-
Share issue costs	-	-	-	-
Reduction of share premium	-	-	-	-
Share option valuation	114,955	-	-	114,955
Dividends	-	-	-	-
Balance at 30 June 2023	743,409	128,170	(50,634)	38,883,022

LIKEWISE GROUP PLC

Interim Consolidated Statements of Changes in Equity (Unaudited)
30 June 2022

	Share capital	Share premium account	Revaluation reserve	Retained earnings
Consolidated	£	£	£	£
Balance at 1 January 2022	1,923,742	22,458,816	2,406,127	(4,815,043)
Profit for the period	-	-	-	85,882
Other comprehensive income	-	-	161,850	-
Dividends	-	-	-	(487,590)
Issue of share capital	512,143	17,425,357	-	-
Share options exercised	2,065	18,860	-	-
Transfer to retained earnings	-	-	-	22,000,000
Reduction in share premium	-	(22,000,000)	-	-
Share issue costs	-	(522,098)	-	-
Share options	-	-	-	-
Balance at 30 June 2022	2,437,950	17,380,935	2,567,977	16,783,249

	Share option reserve	Warrant reserve	Foreign exchange reserve	Total
Consolidated	£	£	£	£
Balance at 1 January 2022	308,776	128,170	(56,625)	22,353,963
Profit for the period	-	-	-	85,882
Other comprehensive income	-	-	(15,406)	146,444
Dividends	-	-	-	(487,590)
Issue of share capital	-	-	-	17,937,500
Share options exercised	-	-	-	20,925
Reduction in share premium	-	-	-	22,000,000
Reduction in share premium	-	-	-	(22,000,000)
Movement of depreciation over historic cost	-	-	-	(522,098)
Share options	150,547	-	-	150,547
Balance at 30 June 2022	459,323	128,170	(72,031)	39,685,573

LIKEWISE GROUP PLC

Interim Consolidated Statements of Cash Flows (Unaudited)

30 June 2023

	Consolidated	
	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 £
Cash flows from operating activities		
Profit for the period	(490,029)	85,882
Adjustments for:		
Depreciation and amortisation	2,255,228	1,668,586
Profit on disposal of tangible fixed assets	(74,021)	(34,411)
Finance income	(21,417)	(161)
Finance costs	675,887	303,600
(Decrease)/Increase in provisions	(4,972)	(338,852)
Share options issued	114,955	150,547
Revaluation of consideration	-	-
Net foreign exchange loss	(9,880)	(15,775)
	<u>2,445,751</u>	<u>1,819,416</u>
Movements in working capital:		
Increase in inventories	(2,201,266)	(4,546,649)
Increase in trade and other receivables	(2,539,302)	(3,960,608)
Increase in trade and other payables	3,972,387	6,631,758
	<u>1,677,570</u>	<u>(56,083)</u>
Cash flows from operations	1,677,570	(56,083)
Income tax paid	-	(500,000)
	<u>1,677,570</u>	<u>(556,083)</u>
Net cash from/(used in) operating activities	1,677,570	(556,083)
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,865,150)	(689,732)
Proceeds from disposal of property, plant and equipment	88,197	20,926
Acquisition of subsidiaries, net of cash acquired	-	(15,477,415)
Interest received	21,417	161
	<u>(2,755,536)</u>	<u>(16,146,060)</u>
Net cash used in investing activities	(2,755,536)	(16,146,060)
Cash flows from financing activities		
Interest paid	(675,887)	(303,600)
Consideration for new shares	2,250	15,498,827
Increase in invoice discounting	637,435	1,885,299
Repayment of lease liabilities	(533,601)	(854,666)
Cash received on leased assets	305,600	-
Repayment of loans	(47,029)	(62,493)
	<u>(311,232)</u>	<u>16,163,367</u>
Net cash (used in)/from financing activities	(311,232)	16,163,367
Net increase in cash and cash equivalents	(1,389,198)	(538,776)
Cash and cash equivalents at the beginning of financial year/period	5,913,155	8,447,550
	<u>4,523,957</u>	<u>7,908,774</u>
Cash and cash equivalents at end of financial year/period	4,523,957	7,908,774
Comprising		
Cash at bank	4,523,957	7,908,774
Bank overdrafts	-	-
	<u>4,523,957</u>	<u>7,908,774</u>

LIKEWISE GROUP PLC**Notes to the financial statements****Period ended 30 June 2023****1 General information**

The Company is a public company limited by shares, registered in England and Wales and listed on the Alternative Investment Market (AIM). The registered company number is 08010067 and the address of the registered office is Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, England, B37 7WN.

The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

2 Accounting Policies**Basis of preparation**

The condensed and consolidated interim financial statements for the period from 1 January 2023 to 30 June 2023 have been prepared in accordance with International Accounting Standards ('IAS') 34 Interim Financial Reporting as adopted by the UK and on the going concern basis. They are in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2022 and those expected to be applied for the year ended 31 December 2023 unless otherwise stated below.

These interim financial statements do not include all of the information required in annual financial statements in accordance with UK adopted International Accounting Standards and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

The comparatives shown are for the period 1 January 2022 to 30 June 2022, and 31 December 2022 and do not constitute statutory accounts, as defined in section 435 of the Companies Act 2006, but are based on the statutory financial statements for the year ended 31 December 2022.

A copy of the Group's statutory accounts for the year ended 31 December 2022 has been delivered to the Registrar of Companies and the accounts are available to download from the Company website at www.likewiseplc.com.

The financial information is presented in pounds sterling, which is the functional currency of the entity and rounded to the nearest £. The financial statements are prepared on the historical cost basis unless otherwise specified within these accounting policies.

Going concern

Given the uncertainty in the wider economic climate and the subsequent impact this has on discretionary household spend, the Group continue to monitor the impact of the high inflationary environment. Whilst the Group has naturally faced increased costs, we have continued to work with our suppliers and ensured where possible we protect our customers from widespread price increases.

As noted in the Chief Executive's statement, the trading performance of the business remains positive and as such from review of the Group's projections, the Board have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing these interim financial statements.

These projections include the cash outflow required to fulfil the contingent acquisition consideration linked to the acquisitions of Valley Wholesale Carpets and Delta Carpets in the prior year. Whilst not expected, the Board also consider that should there be any deviation from these projections there are various mitigating factors that could be taken in order to provide the cash required to fulfil these obligations as they fall due. These include, but are not limited to increasing the Group's invoice financing facilities or other borrowing arrangements, reduction in capital expenditure or the disposal of freehold property.

Impact of new international reporting standards

There are no accounting pronouncements which have become effective from 1 January 2023 that have a significant impact on the Group's interim condensed consolidated financial statements.

LIKEWISE GROUP PLC

Notes to the financial statements

Period ended 30 June 2023

2 Accounting Policies (continued)

Estimates

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to consolidated financial statements for the year ended 31 December 2022. These are impairment of trade receivables, accounting for defined benefit pension scheme, inventory valuation and valuation of land and buildings.

3 Segmental reporting

For the purposes of segmental reporting, the company's Chief Operating Decision Maker (CODM) is considered to be the Executive Board of Directors. The Board has not identified any separate operating segments within the business. The Board reviews revenue and expenses for the business as a whole and makes decisions about resources and assesses performance based on this information.

Revenue is derived from continuing operations and arises entirely through the wholesale of goods. Segmental analysis is therefore not presented.

The Group is not reliant on any one customer and no customer exceeds 10% of total annual turnover.

The Group generates revenue from both the UK and overseas as detailed below:

	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 <i>As restated</i> £
UK	66,411,859	56,627,013
Other EU	167,623	118,164
Rest of the World	14,650	14,411
	<u>66,594,132</u>	<u>56,759,588</u>

Seasonal fluctuations

The overall demand for the wholesale of floorcoverings has previously been higher in the third and fourth quarters of the year. In the previous six month period to 30 June 2022, revenue equated to 45.9% of the annual revenue generated.

4 Other operating income

	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 £
Sundry income	-	782
	<u>-</u>	<u>782</u>

LIKEWISE GROUP PLC

Notes to the financial statements *(continued)*

Period ended 30 June 2023

5 Operating profit

Operating profit is stated after charging:	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 £
Depreciation of property, plant and equipment including right-of-use assets	2,058,794	1,524,872
Amortisation of intangible assets	196,434	143,714
Share based payments	114,955	150,547
Impairment of inventories	274,075	24,969
Short term lease expense	196,610	137,589
Establishment cost of new sites	693,033	-
Muelebeke restructuring cost	47,122	-
Exceptional investment in point of sale	145,424	-
Acquisition costs	-	1,293,112
	<u> </u>	<u> </u>

6 Taxation on ordinary activities

Tax is calculated at 23.5% for the six months ended 30 June 2023 representing the best estimate of the average annual effective tax rate expected to apply for the full year. No income tax is expected in the period given the losses previously incurred by the Group.

The Group has tax losses available to be carried forward. Due to uncertainty around timing of the Group's projects, management have not considered it appropriate to recognise all losses as an asset in the financial statements. Tax losses of £11,539,175 were available for offset against future taxable profits at 31 December 2022. A deferred tax asset of £1,577,985 was not recognised at 31 December 2022 in relation to these losses.

7 Earnings per share

Basic profit per share is based on the profit after tax for the period and the weighted average number of shares in issue during each period.

	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 £
Profit attributable to equity holders of the company	(490,029)	85,882
	<u> </u>	<u> </u>
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	243,843,439	239,821,834
Adjustments for calculation of diluted earnings per share:		
Options	23,254,963	23,865,832
Warrants	2,800,000	2,800,000
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	269,898,402	266,487,666
	<u> </u>	<u> </u>
	Pence per share	Pence per share
Basic profit per share (pence)	(0.20)	0.04
	<u> </u>	<u> </u>
Diluted profit per share (pence)	(0.18)	0.03
	<u> </u>	<u> </u>

LIKEWISE GROUP PLC

Notes to the financial statements (continued)

Period ended 30 June 2023

8 Dividends

Dividends were declared for the period to 30th June 2023 totalling £Nil (2022 - £487,590).

9 Intangible assets

	Goodwill
	£
Cost and net book value	
At 31 December 2022	5,624,284
Goodwill on acquisition (see note 16)	-
Impairment	-
Amortisation	-
	<hr/>
At 30 June 2023	<u>5,624,284</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Directors have considered the impact of the current economic uncertainty on the value of the goodwill but did not consider that there was any impairment required as at 30 June 2023 (31 December 2022 - £Nil).

10 Other intangible assets

	Delta Carpets	Likewise	Delta Carpets	Likewise Floors	
	Customer	Floors	Customer	Floors	Total
	base	Customer	base	Brandname	Brandname
	£	base	£	£	£
Net book value					
At 31 December 2022	475,158	1,591,762	500,157	1,641,807	4,208,884
Impairment	-	-	-	-	-
Amortisation	(25,684)	(70,745)	(27,036)	(72,969)	(196,434)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>449,474</u>	<u>1,521,017</u>	<u>473,121</u>	<u>1,568,838</u>	<u>4,012,450</u>

The Directors have considered the impact of the current economic uncertainty on the value of other intangibles but did not consider that there was any impairment required as at 30 June 2023 (31 December 2022 - £Nil).

11 Property, plant and equipment

	Land and	Other owned	Right-of-use	
	buildings	assets	assets	Total
	£	£	£	£
Net book value				
At 31 December 2022	22,269,664	5,734,145	19,296,412	47,300,221
Additions	31,338	2,122,354	711,458	2,865,150
Disposals	-	(473)	(13,703)	(14,176)
Depreciation	(154,724)	(562,341)	(1,341,729)	(2,058,794)
Forex movement	-	(267)	-	(267)
Revaluation	154,724	-	-	154,724
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>22,301,002</u>	<u>7,293,418</u>	<u>18,652,438</u>	<u>48,246,858</u>

LIKEWISE GROUP PLC

Notes to the financial statements (continued)

Period ended 30 June 2023

12 Loans and borrowings

	Consolidated	
	30 June 2023 £	31 December 2022 £
Current borrowings - Secured		
Bank loans and invoice discounting facility	5,232,509	4,595,139
Lease liabilities	4,327,825	3,182,373
	<u>9,560,334</u>	<u>7,777,512</u>
Non-current borrowings - Secured		
Bank loans	1,409,061	1,456,025
Lease liabilities	17,392,572	18,766,025
	<u>18,801,633</u>	<u>20,222,050</u>

The directors consider that the carrying amount of the invoice discounting facility and bank loan approximates their fair value.

The invoice discounting facility is secured against the related trade debtor balances and by a floating charge over the assets of the Group. The invoice discounting facility is denominated in Sterling.

	Carrying Amount	
	30 June 2023 £	31 December 2022 £
Amounts repayable under bank loans		
Within one year	206,058	206,123
In the second to fifth year inclusive	706,626	706,822
Beyond five years	702,435	749,203
	<u>1,615,119</u>	<u>1,662,148</u>

The invoice discounting facility is held for Likewise Floors Limited and has a fixed service charge of £18,000 per annum.

During 2018 the Parent Company obtained a bank loan of £2,280,000. Repayments commenced on 5th August 2018 and were due to continue until 5th January 2033. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest on a floating rate basis with interest at Bank of England rate plus a margin of 2.95%. A Twelve month capital repayment holiday was granted effective April 2020, with interest payments made throughout the period to April 2021 when capital repayments recommenced.

The loan was refinanced after the period end. Further details are provided in note 20.

The loan is at a floating interest rate and exposes the Group to fair value interest rate risk.

LIKEWISE GROUP PLC

Notes to the financial statements *(continued)*

Period ended 30 June 2023

13 Financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial instruments the Group holds which are measured at fair value through the Income Statement (as level 2 above) are forward currency contracts and deferred consideration. All other financial assets and liabilities are held at amortised cost.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

	30 June 2023	31 December 2022
	£	£
Financial assets at amortised cost		
Trade receivables	13,198,764	11,704,781
Other receivables	4,913,841	2,282,032
Cash and cash equivalents	4,523,957	5,913,155
	<u>22,636,562</u>	<u>19,899,968</u>

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

	30 June 2023	31 December 2022
	£	£
Non current financial liabilities at amortised cost		
Deferred consideration - held at fair value	-	4,380,365
Bank loans	1,409,061	1,456,025
Lease liabilities	17,392,572	18,766,025
	<u>18,801,633</u>	<u>24,602,415</u>

	30 June 2023	31 December 2022
	£	£
Current financial liabilities at amortised cost		
Trade payables	22,387,476	18,106,217
Other payables	628,589	429,321
Accruals	2,049,711	1,727,216
Invoice discounting facility	5,026,451	4,389,016
Bank loans	206,058	206,123
Lease liabilities	4,327,825	3,182,373
Deferred consideration - held at fair value	4,380,365	1,000,000
	<u>39,006,475</u>	<u>29,040,266</u>

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

LIKEWISE GROUP PLC

Notes to the financial statements *(continued)*

Period ended 30 June 2023

14 Provisions

	Dilapidations provision £	Total £
At 31 December 2022	50,075	50,075
Charged to profit or loss	-	-
Utilised during the period	(4,972)	(4,972)
At 30 June 2023	<u>45,103</u>	<u>45,103</u>

All provisions are considered to be due within one year.

15 Share capital

Consolidated and Company Issued and fully paid	30 June 2023 No.	31 December 2022 No.
Ordinary shares of £0.01 each (2022: Ordinary shares of £0.01 each)	<u>243,858,480</u>	<u>243,835,980</u>

The Company has one class of ordinary share which carry no right to fixed income.

On 2 May 2023, the Company allotted 22,500 new £0.01 shares for consideration of £0.10 per share, totalling £2,250. These shares were issued under the Company's SAYE scheme.

16 Share-based payments

Equity settled share option plan

The Group has a number of share options plans including a Savings-Related Share Option Plan ("SAYE") for all employees of the Group. In accordance with the terms of the plan, as approved by shareholders, employees of the Group may be granted options to purchase ordinary shares. There are no performance criteria for the SAYE and options are issued to participants in accordance with HMRC rules. Vesting is conditional on continuity of service.

As at 31 December 2022, 8,140,830 share options remained active. During the current period 4,462,181 new options were issued at a weighted average option price of £0.17 per share and 1,873,707 options lapsed on employees leaving the Group. During the current period, 22,500 options were exercised as detailed in note 15. The average remaining contractual life of the remaining 10,706,804 options is approximately 2.5 years.

In addition, as at 31 December 2022, 11,350,000 share options remained active which were issued under Enterprise Management Incentives (EMIs). During the current period 150,000 options lapsed on employees leaving the Group. The remaining contractual life of these options is approximately 1.5 years.

In addition, as at 31 December 2022, 4,150,000 share options remained active which were issued under a Company Share Option Plan ("CSOP"). During the current period 200,000 options lapsed on employees leaving the Group. The remaining contractual life of these options is approximately 3 years.

Share options are valued using the Black-Scholes model. The inputs to the model are the option price and share price at date of grant, expected volatility (20%), expected dividend rate (0%) and risk free rate of return (4% - 5.25%). The model has been adjusted for expected behavioural considerations.

The cost of options is amortised to the Statement of Comprehensive Income over the service life of the option resulting in a charge of £114,955 for the period.

A deferred tax asset has not been recognised in relation to the charge for share based payments.

LIKEWISE GROUP PLC

Notes to the financial statements *(continued)*

Period ended 30 June 2023

17 Retirement benefit plans

Defined benefit scheme

William Armes Limited, a subsidiary of the Group since 9 January 2018, operated a pension scheme providing benefits based on final pensionable pay. The Scheme is closed to new members and is closed to future accrual. For pensions earned after 5 April 1997 and for Guaranteed Minimum Pensions earned between 6 April 1998 and 5 April 1997, increases in payment will be in line with CPI rather than RPI. Revaluations of pensions in deferment are linked to RPI. The scheme has been transferred to Likewise Floors Limited as part of the transfer of trade and assets in December 2021.

The assets of the Scheme are held separately from those of the Group in trustee-administered funds. The level of contributions is determined by a qualified actuary on the basis of triennial valuations. The latest full valuation was completed by an independent actuary on 28 March 2022.

The latest set of workings and assumptions can be found in the full Likewise Group Plc financial statements to 31 December 2022. At 31 December 2022, there was no recognition on the statement of financial position as the pension scheme assets equalled the defined benefit obligation. An updated valuation could not be obtained at 30 June 2023 and so no further disclosure has been made in this set of interim financial statements.

18 Related party transactions

Key management personnel remuneration is disclosed as follows:

	6 month period ended 30 June 2023 £	6 month period ended 30 June 2022 £
Remuneration of key management		
Remuneration	474,046	1,135,850
Social security costs	60,478	153,777
Company pension contribution to defined contribution schemes	30,675	30,675
Share based payments		-
	565,199	1,320,302

Included in 2022 is the bonus paid in respect of the successful acquisition of Valley Wholesale Carpets Ltd, as set out in the acquisition document.

19 Restatement of comparative

The Group acquired Valley Wholesale Carpets Limited as a subsidiary entity on 14 January 2022. The figures initially presented in the interim accounts to 30 June 2022 included consolidation of Valley's results for the full 6 month period 1 January to 30 June 2022, and therefore included 13 days' of pre-acquisition trade, as the entity did not prepare daily management accounts and the pre-acquisition trade was therefore not known. It was later agreed with the Group's auditors to project the pre-acquisition trade based on January's full month results, and to reduce income and cost of sales accordingly. The adjustment of £1,013,349 was made in the financial statements for the year ended 31 December 2022, and has therefore also been made to the comparatives in these interim financial statements to reflect this.

In addition, the H1 2022 revenue figure previously disclosed incorrectly included £582,192 of inter-group sales due to a formula error in a supporting schedule. This was not identified prior to issuance of the 2022 interim results but was identified and corrected in the annual financial statements for the year ended 31 December 2022, and as such these were not misstated as a result of this error. Revenue and cost of sales have been reduced by this amount to correct the result for the comparative period.

20 Post balance sheet events

On 31st July 2023, the Group obtained a bank loan of £2,495,000 to refinance its existing borrowing. On the 2nd August 2023, the existing bank loan, and all outstanding interest accrued to this date, was repaid in full. Repayments of the new loan commenced on 31st August 2023 and will continue until 30th June 2038. This loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest on a floating rate basis with interest at Bank of England base rate plus a margin of 2.35%.