7 November 2023

RS GROUP PLC
RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2023

Highlights	H1 2023/24	H1 2022/23	Change	Like-for-like[1] change
Revenue	**£1,447m**	£1,458m	(1)%	(8)%
Adjusted operating profit[1]	**£156m**	£196m	(21)%	(24)%
Adjusted operating profit margin[1]	**10.8%**	13.4%	(2.6) pts	(2.3) pts
Adjusted profit before tax[1]	**£143m**	£192m	(25)%	(29)%
Adjusted earnings per share[1]	**22.3p**	31.5p	(29)%	(32)%
Operating profit	**£139m**	£187m	(26)%	(26)%
Profit before tax	**£126m**	£183m	(31)%	(30)%
Earnings per share	**19.5p**	30.0p	(35)%	(34)%
Interim dividend	**8.3p**	7.2p	15%	
Adjusted free cash flow[1]	**£26m**	£112m	(77)%	
Cash generated from operations	**£104m**	£182m	(43)%	
Net (debt) / cash	**£(502)m**	£3m		
Net debt to adjusted EBITDA[1]	**1.2x**	n/m		

Resilient performance in challenging markets in first half
- Revenue down 1%, including 8% like-for-like decline and 10% benefit from acquisitions
- Like-for-like revenue for digital declined 5%, service solutions grew 4% and our main own-brand, RS PRO, grew 5%
- Robust gross margin at 43.7%, down 0.4 pts like-for-like
- Adjusted operating profit margin of 10.8% due to lower volumes, lack of 2022/23 trading tailwind, short-term dilutive impact of acquisitions and input cost inflation
- Adjusted free cash flow impacted by easing of supply chain constraints, expected to normalise in second half

Positive strategic and operational momentum
- Operating cost actions identified that deliver annualised savings over £30m
- Opportunity for further improvement through reducing complexity and greater efficiency
- Continuing to invest in growth accelerators and to improve operational leverage and operational effectiveness
- Integration of Distrelec progressing well

Exciting growth opportunity
- Strong position in fragmented markets with attractive through-cycle growth characteristics
- Global presence, digitally led, product breadth and service focus support potential for continued market outperformance
- Margin expansion opportunity through leveraging physical, process and digital infrastructure and improved execution
- Attractive cash generation and returns profile and a robust balance sheet

SIMON PRYCE, CHIEF EXECUTIVE OFFICER, COMMENTED:
"RS has delivered a resilient performance in difficult markets, which have been more challenging than anticipated at the beginning of the year. Industrial revenue has been robust despite the challenging macro and geopolitical environment but cyclical weakness in electronics has been exacerbated by customer de-stocking. Our committed people are responding effectively in this environment by reducing costs and driving improvement in operational effectiveness, whilst continuing to invest to improve operational leverage and in our growth accelerators.

Whilst markets remain difficult in the short term, the medium and longer-term growth characteristics are attractive. We are managing our costs more appropriately whilst continuing to invest in key strategic accelerators. We are also already beginning to see the benefit of tighter focus, more alignment, better prioritisation and improved execution across the Group. This is positioning the Group very effectively to benefit when our markets return to growth and gives us continued confidence in our ability to realise our exciting growth strategy and deliver first choice outcomes for all our stakeholders."

1. See Note 13 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.

Enquiries:

Lucy Sharma	VP Investor Relations	020 7239 8427
Martin Robinson / Olivia Peters	Teneo	020 7353 4200

There will be an analyst presentation today at 9am (UK time) at Numis, 45 Gresham Street, London EC2V 7BF. We will also provide a video webcast, which can be accessed live and later as a recording on the RS Group website at www.rsgroup.com.

Webcast link: https://www.investis-live.com/rsgroup/65201e2919d2ca0e00132399/qeqq
It is advisable to pre-register early to avoid any delays in joining the conference call. To ask a question, participants will need to be connected by phone.

Participant dial-in numbers
United Kingdom (Local): +44 20 4587 0498
All other locations: Global Dial-In Numbers
Participant access code: 006872

Presentation timing
Date: Tuesday, 7 November 2023
Time: 9am UK time
Venue: Deutsche Numis, 45 Gresham Street, London EC2V 7BF

Notes to editors:
RS Group plc provides product and service solutions that help our customers design, build, maintain, repair and operate industrial equipment and operations, safely and sustainably. We stock more than 750,000 industrial and electronic products, sourced from over 2,500 leading suppliers, and provide a wide range of product and service solutions to customers.

We support customers across the product lifecycle, whether via innovation and technical support at the design phase, improving time to market and productivity at the build phase, or reducing purchasing costs and optimising inventory in the maintenance, repair and operation phase. We offer our customers tailored product and service propositions that are essential for the successful operation of their businesses and help them save time and money.

RS Group plc is listed on the London Stock Exchange with stock ticker RS1 and in the year ended 31 March 2023 reported revenue of £2,982 million.

BUSINESS REVIEW

In the half year ended 30 September 2023, we experienced continuing geopolitical uncertainty, ongoing deterioration in manufacturing PMI[1] data globally, industry destocking particularly in electronics, supply chain normalisation, reducing price inflation and ongoing cost inflation. Last year we also benefited from the tailwind of having inventory in a constrained global supply environment experiencing material price inflation, which delivered an estimated c. £35 million of adjusted operating profit of which £26 million was realised in H1 2022/23 and a further £9 million in H2 2022/23.

Despite this more challenging than anticipated market backdrop, the lack of trading tailwind and a cost structure that needs to be more closely aligned to our market and strategic opportunity, we delivered a resilient performance.

In the first half, new leadership met with RS people across the globe and took the opportunity to review strategy and evaluate markets, projects, progress and barriers to execution. This work served to support and confirm the Group's strategic ambitions and potential. However, following a sustained period of strong trading post COVID-19 it also identified significant opportunities to improve operating effectiveness and execution. We are therefore taking actions to tighten our focus, create more alignment, prioritise better and improve agility to accelerate the realisation of our exciting growth strategy.

Driving operational effectiveness

We have commenced a review of the way we operate and of our core processes to reduce complexity and improve efficiency. Key actions that we are undertaking include:

- Streamlining the Senior Management Team to an empowered Executive Committee (ExCo) responsible for prioritisation and effective resource allocation to drive greater focus, agility and improved operational and financial performance.
- Creating a broader Advisory Group formed of senior leaders and functional experts to align, shape, challenge, test and lead the delivery of our strategic priorities and improvement actions.
- Simplifying and clarifying our operating model to reduce complexity and improve operating effectiveness, agility and scalability.
- Commencing a bottom-up, action orientated and aligned planning process within clearer Group-wide guiderails.
- Enhancing the Group's performance management metrics and processes to ensure effective operational oversight, better information and sharing of best practice and to improve alignment and collaboration across functional, regional and country teams.
- Reducing duplication and creating clarity on accountability.

Improving operational leverage

We are pursuing clear opportunities to improve our operational leverage as we continue to evolve from a transactional product supplier to a strategic partner and product and service solutions provider for our customers and suppliers. This is through increased prioritisation of higher lifetime value customers, focusing on cost to serve, implementing and optimising global processes, and increasing volumes through efficient physical, process and digital infrastructure.

We are taking action to manage our operating costs more effectively. We anticipate these actions will deliver over £30 million of annualised savings of which £10 million will be realised this year and most of the remainder in 2024/25. The costs of delivering these savings are estimated to be c. £15 million of which £4 million has been incurred in the first half with the remainder to be incurred in the second half.

Key actions that we have delivered include:

- Reorganised, aligned our divisional management structures and reduced headcount in our Americas and Asia Pacific regions.
- Optimising our supply chain and distribution footprint with the Distrelec acquisition providing a needed distribution centre (DC) in Switzerland, improving the functionality of our DC in Germany and adding third party customer fulfilment centres in Asia.
- Completing the migration of all our servers and over 100 back-office, middleware and frontend applications to become a cloud-based business.

Ongoing growth accelerators

We continue to develop our growth accelerators; the products, services and customer experience that drive stronger revenue and increase our share of customer wallet. Over the last six months we have:

- Developed and introduced sophisticated search capabilities powered by Google technology and AI into our UK and Irish websites which we are rolling out across the globe in the second half.
- Developed and launched a common customer relationship management process and tool, initially in Germany, but to be deployed globally over the next 18 months.
- Expanded our own-brand range, RS PRO, to include more automation and control (A&C) products, which are relevant for our customer base in Americas.
- Better World sustainable product range now available in 15 countries across EMEA and Asia Pacific.
- Expanded our service solutions offer further in EMEA, specifically our inventory management solutions.

Strategic acquisitions

On 30 June 2023 we acquired Distrelec, gaining critical mass in key markets, widening our product and service solutions offer and creating the opportunity to realise material operational efficiencies. Integration is proceeding well, with more potential benefits than initially anticipated and lower costs of delivery. With Distrelec experiencing similar market conditions to those of RS Germany, Switzerland and Scandinavia we are taking the opportunity to accelerate integration and remain confident that the acquisition of Distrelec will generate exciting returns for all stakeholders over the medium and long term.

Our integration of Risoul is progressing well. Trading is exceeding expectations, helped by the buoyant Mexican market driven by the nearshoring trend and benefit from strong product availability where supply remains constrained. We are extending the product offer from RS into Risoul, developing a transactional website and leveraging Risoul's technical service knowledge into our business in Americas.

Driving sustainability for a better world

We continue to advance sustainability across our global operations through energy saving initiatives and decarbonisation activities at our DCs, switching to renewable energy tariffs and transitioning to a net zero fleet, resulting in further reductions in our direct carbon emissions. Additionally, we are reducing the cost, distance and emissions of our product transportation, enabled by our regionalised supply chain, to help reduce our overall carbon footprint.

Four of our science-based targets covering our direct operations, logistics, suppliers and products have been validated by the Science Based Targets initiative.

Exciting through-cycle opportunity

We are a strong global player operating in very fragmented markets. We are a digitally-led, high-service, broad-based maintenance, repair and operation (MRO) distributor with particular strengths in electrical (including electronics), automation and control as well as complementary products such as test and measurement, tools and consumables, safety and fluid power.

We provide these critical product and service solutions to help our industrial customers maintain, repair and operate their facilities. We execute high volumes of small batch orders through a well-established physical, process and digital infrastructure, providing a fast and responsive customer service. The breadth of our reach through multiple geographies, industries, product categories, channels and our increasing product and service solutions focus gives us the potential for continued and sustained market outperformance over time.

We are already beginning to see the benefit of tighter focus, more alignment, better prioritisation and much improved execution and this gives us continuing confidence in our ability to accelerate realisation of our exciting opportunity.

1. Purchasing Manager Index (PMI) is a survey-based economic indicator designed to provide a timely insight into business conditions. The PMI is widely used to anticipate changing economic trends in official data such as GDP, or sometimes as an alternative gauge of economic performance and business conditions to official data, as the latter sometimes suffer from delays in publication, poor availability or data quality issues. (Source: S&P Global).

OVERALL RESULTS

	H1 2023/24	H1 2022/23	Change	Like-for-like[1] change
Revenue	**£1,447m**	£1,458m	(1)%	(8)%
Gross margin	**43.7%**	45.5%	(1.8) pts	(0.4) pts
Operating profit	**£139m**	£187m	(26)%	(26)%
Adjusted operating profit[1]	**£156m**	£196m	(21)%	(24)%
Adjusted operating profit margin[1]	**10.8%**	13.4%	(2.6) pts	(2.3) pts
Adjusted operating profit conversion[1]	**24.6%**	29.6%	(5.0) pts	(4.6) pts
Digital revenue[2]	**£872m**	£916m	(5)%	(5)%
Service solutions revenue[2]	**£337m**	£320m	5%	4%
RS PRO revenue[2]	**£188m**	£182m	3%	5%

1. See Note 13 for definitions and reconciliations of all alternative performance measures, including like-for-like change and adjusted measures.
2. See Note 2 for disaggregation of revenue analysis and reconciliations.

Revenue

Group revenue decreased by 1% to £1,447 million. Like-for-like revenue declined 8% after adjusting for the £142 million gain from acquisitions, £21 million from adverse exchange rate movements and a negative impact of £13 million from fewer trading days. As anticipated, the transition of our single-board computing range away from Raspberry Pi accounted for 1% of the Group like-for-like revenue decline. Our strong product availability when global supply chains were constrained provided a trading benefit in H1 2022/23. We estimate the reversal of this benefit contributed c. 5% of the revenue decline in this half year, as the global supply chain issues eased and our customers reduced their higher inventory levels.

Our industrial product and service solutions ranges, which account for 80% of Group revenue, declined by 2% like-for-like during the first half with growth across all ranges apart from A&C (43% of Group revenue) where performance is most correlated towards the electronics cycle. The macroeconomic environment remains challenging illustrated by the PMI and industrial production figures which have deteriorated across our main markets.

Our electronics product and service solutions range accounts for 19% of Group revenue and is predominantly supplied to our industrial customers as they become more digitalised and better connected. Supply constraints have continued to ease and demand soften, especially for passives and semiconductor components. As a result, our like-for-like electronics revenue declined by 24%.

RS PRO, which is our main own-brand product range and accounts for 13% of Group revenue, grew by 5% on a like-for-like basis, due to extending its product breadth and the end-to-end sales and marketing focus in the regions. Our competitively priced offer continues to gain traction as a quality but non-competing alternative to main branded ranges as we demonstrate quality and value through our quality assurance qualifications and design and test facilities.

Digital, accounting for 60% of Group revenue (65% of Group like-for-like revenue but diluted by Risoul's current offline model), performed ahead of the Group overall with a like-for-like revenue decline of 5%. Web revenue decreased by 8% on a like-for-like basis, while eProcurement and other digital, which are used predominantly by our larger customers, grew by 2% on a like-for-like basis.

In the first half, service solutions revenue accounted for 23% of our Group revenue and increased by 5% to £337 million, 4% like-for-like, with our digital solutions offer being one of the strongest areas.

Gross margin

Group gross margin decreased 1.8 percentage points to 43.7%, of which 1.4 percentage points was a function of the dilutive impact from our recent acquisitions due to their lower digital participation compared to the rest of the Group. Last year's gross margin benefit from our cost of sales inflation lagging price inflation, especially within electronics products, due to our low inventory turn has begun to unwind. Like-for-like gross margin decreased 0.4 percentage points, better than anticipated, reflecting our focus on gross margin optimisation through direct procurement initiatives, commercial discipline, tighter discount policies and expanding our own-brand ranges. We expect our gross margin dilution in the second half to be more than in the first half due to lower price inflation and full dilutive effect of acquisitions.

Operating costs
Operating costs, which include regional and central costs, increased by 4% mainly due to the acquisitions made in the past 12 months. Excluding the impact of acquisitions, the benefit of currency movements, amortisation and impairment of acquired intangibles and acquisition-related items, adjusted operating costs reduced by 4% like-for-like with lower variable costs more than offsetting cost inflation specifically within labour and energy. We have also taken action to manage our operating costs more effectively, part of which is accelerating the integration of Distrelec. We estimate that these actions will deliver over £30 million of annualised savings of which £10 million will be realised this year and most of the remainder in 2024/25. The costs of delivering these savings are estimated to be some £15 million of which £4 million has been incurred in the first half with the remainder in the second half.

A large proportion of our operating costs relate to our people. We awarded a mid-single digit pay increase across the Group which included a higher than average increase for our non-management employees in most markets in recognition of the greater impact of inflationary pressures. As sales volumes have reduced, we have flexed our variable people costs and additional actions in specific areas, with people costs slightly down excluding the impact of acquisitions. Our employee voluntary annual turnover rate remains low at 8.2%.

We continue to invest to ensure we are developing our strategic growth drivers, strengthening our digital and commercial capabilities, technology platform, product and service solutions capacity and improving our operating basics. This means we will be well-positioned to benefit when economic conditions improve. We are monitoring our investment spend closely and implementing greater oversight around execution, progress and delivery.

We are seeing a continued benefit from the expansion and ongoing optimisation of our DC in Bad Hersfeld, Germany, which allows us to route more inventory directly into Europe, and not through our UK DCs, so reducing the additional border costs relating to Brexit and improves our environmental footprint. Against this, lower volumes in our DCs overall have reduced our operational efficiencies. We remain focused on optimising our network of DCs to minimise freight costs and miles and are improving our operating structure to drive greater operational focus and ownership so that we can simplify our cost base further.

Central costs (Group strategic investment, Board, Group Finance and Group Professional Services and People costs that cannot be attributed to region-specific activity) decreased by £6 million to £31 million, largely reflecting foreign exchange and lower share-based payments. We will focus on tighter cost management going forward.

Adjusted operating costs as a percentage of revenue increased by 0.9 percentage points to 33.0%, while adjusted operating profit conversion is 5.0 percentage points lower at 24.6%.

Items excluded from adjusted profit
To improve the comparability of information between reporting periods and between businesses with similar assets that were internally generated, we exclude certain items from adjusted profit measures. The items excluded are described below (see Note 13 for definitions and reconciliations of adjusted measures).

Amortisation and impairment of acquired intangibles
Amortisation of acquired intangibles was £13 million (H1 2022/23 amortisation and impairment of acquired intangibles: £9 million) and relates to the intangible assets arising from acquisitions.

Acquisition-related items
Acquisition-related items of £4 million mainly relate to transaction costs incurred in the first half which are directly attributable to the acquisition of Distrelec.

Operating profit
Operating profit decreased by 26% to £139 million. Excluding the impact of acquisitions and the adverse impact of currency movements, adjusted operating profit saw a like-for-like decrease of 24%. We estimate the reversal of the one-off trading benefit in H1 2022/23 contributed c. 13% of the decrease in this half year. Adjusted operating profit margin declined by 2.6 percentage points to 10.8%.

Non-financial key performance indicators (KPIs)

We have eight non-financial KPIs to help measure progress against our strategy and the commitments of our 2030 ESG action plan – For a Better World. To provide greater transparency on our performance in the period, a summary of our progress is included below with further details available in the ESG section on our website: www.rsgroup.com/esg.

	H1 2023/24	H1 2022/23
Carbon intensity [1,2,3] (tonnes of CO_2e due to Scope 1 and 2 emissions / £m revenue)	**1.4**	1.4
Carbon emissions[1,2,3] (tonnes of CO_2e due to Scope 1 and 2 emissions)	**1,800**	2,000
Packaging intensity[1,2] (tonnes / £m revenue)	**1.73**	1.76
Waste[1] (% of waste recycled)	**83%**	76%
Group rolling 12-month Net Promoter Score (NPS)	**50.4**	48.5
Employee engagement[4]	**-**	78
Percentage of management that are women	**31%**	32%
All accidents (per 200,000 hours)	**0.34**	0.35

1. Revenue and environmental-related performance of businesses acquired in 2022/23 and 2023/24 are not included pending finalisation and confirmation of their reports, which we are aiming to publish in our Annual Report and Accounts for the year ending 31 March 2024 (Annual Report 2024).
2. KPI is on a constant exchange rate basis and updated to reflect changes in reporting methodology and emissions factors.
3. Scope 2 emissions calculated with electricity purchased from renewable sources at zero CO_2e per kWh and grid average CO_2e per kWh for all other sources.
4. We are in the process of compiling the results from our October 2023 engagement survey and the results will be published in our Annual Report 2024.

REGIONAL PERFORMANCE

EMEA

	H1 2023/24	H1 2022/23	Change	Like-for-like[1] change
Revenue	**£861m**	£854m	1%	(4)%
Operating profit[2]	**£132m**	£131m	1%	(2)%
Operating profit margin	**15.3%**	15.4%	(0.1) pts	0.4 pts
Digital revenue[3]	**£637m**	£624m	2%	(1)%
Service solutions revenue[3]	**£252m**	£235m	7%	6%
RS PRO revenue[3]	**£168m**	£159m	5%	6%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

EMEA revenue increased 1% with like-for-like revenue declining 4% as some of our product markets contracted and recession affected some countries. PMI data in all countries has worsened during the period, with specific weakness in our A&C industrial category where some parts of our range are closely aligned to more cyclical electronics components. The electronics market has continued to deteriorate and is affecting those countries with the most exposure. In the comparative period we benefited from our strong inventory availability which temporarily increased our volumes, particularly with one-off transactional customers. We have maintained share with our target customers but have seen some smaller, lower value and transitory customers revert to their usual distribution channels.

UK and Ireland, which accounts for 40% of the region's revenue, delivered low single-digit revenue growth resulting from a focus on higher-value corporate customers and less exposure to electronics products. A more targeted customer focus, coordinated marketing campaigns, effective pricing and understanding our cost to serve has supported revenue and profit growth.

France grew in the first half as we continued to focus on our long-term high-value customers. We are working in partnership with our strategic suppliers to develop effective commercial and marketing activities, especially in our core product categories, providing technical product support using both our sales teams and digital channels.

Germany suffered due to the weakening economy and slowdown in production output. Germany has the greatest exposure to electronics products in Europe, leading to a material fall in demand for on-board products. We are continuing to expand the product range stocked in the market at our enlarged DC, pivoting our offer towards growth sectors to ensure preparedness to exploit our position when the market recovers. Additionally, this is reducing fulfilment costs and improving service to customers.

Digital, accounting for 74% of the region's revenue, was supported by growth from our target customers using eProcurement and purchasing manager channels. We continue to focus on generating recurring revenue and customer loyalty with our target customers through providing digital procurement solutions. Web revenue is most impacted by lower demand from transitory customers as the supply chain constraints have eased.

Service solutions growth, which accounts for 29% of EMEA's revenue, benefited from greater participation of our digital solutions offer of eProcurement and purchasing manager as we migrate higher-value customers from the web. RS Integrated Supply in EMEA continues to win new contracts, although the operational investment of their rollout continues to impact financial performance and depress profitability. We are improving our commercial model, which, together with cross-selling opportunities, will enhance our financial results going forward.

RS PRO, which accounts for 20% of the region's revenue, increased its share as we continue to expand the range of products, using quarterly marketing launches, to provide customers with a high quality and lower price point alternative.

Distrelec contributed £45 million to revenue and £3 million to EMEA's operating profit since its acquisition on 30 June 2023. Detailed plans have been developed for accelerating the integration of key markets. In the first three months of ownership trading has been below original expectations given Distrelec's German and electronics exposure; albeit performance has been in line with trading seen in our similar businesses. We remain confident in the delivery of the anticipated cost savings and synergy benefits from cross selling opportunities; Distrelec has already started to sell RS PRO products.

EMEA's operating profit margin was impacted by the effect of the acquisition of Distrelec and integration costs. Excluding this, like-for-like operating profit margin increased due to gross margin benefiting from the quick pass through of product cost inflation against a lower average cost of inventory and tight operating cost control.

EMEA's rolling 12-month NPS was 50.8, 6% above H1 2022/23. We have continued to improve inventory availability as lead times reduce, while inventory investments in our expanded DC in Germany and our new warehouse in Spain have also improved service levels to customers.

Americas

	H1 2023/24	H1 2022/23	Change	Like-for-like[1] change
Revenue	**£476m**	£461m	3%	(14)%
Operating profit[2]	**£52m**	£78m	(33)%	(41)%
Operating profit margin	**11.0%**	17.0%	(6.0) pts	(5.2) pts
Digital revenue[3]	**£172m**	£205m	(16)%	(13)%
Service solutions revenue[3]	**£63m**	£62m	3%	0%
RS PRO revenue[3]	**£3m**	£4m	(8)%	(4)%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Revenue increased by 3% due to the acquisition of Risoul in January 2023. Excluding Risoul, exchange rate movements and the impact of trading days, revenue declined 14% like-for-like against very strong comparatives in H1 2022/23 when we benefited from strong inventory availability when market supply was constrained, delivering trading and pricing gains, especially within electronics and associated product ranges.

Volumes during the period fell reflecting the declining market, especially in A&C which trades more in line with the electronics cycle. This particularly impacted Americas as A&C accounted for 70% of the region's revenue versus 43% across the Group. Also, customers had less of a requirement to hold inventory as supply chain constraints eased. Demand from more transitory customers, who purchased from us when their typical channels did not have supply, has reduced and we saw greater pricing competition within the market particularly in the electronics product range.

We have made significant changes in our sales proposition as we develop more strategic customer relationships. This has focused on targeting high-growth vertical markets, generating more targeted product campaigns and improving our digital proposition and service offer, all of which are resulting in greater customer engagement and marketing returns.

Our digital like-for-like revenue decline slightly outperformed the region's revenue decline as we moved some of our large customers onto our eProcurement platforms.

While less mature than in EMEA, we have been developing our digitally led service solutions offer in Americas. Growth has been driven by developing our eProcurement offer and more customised order and project consultancy services. RS Integrated Supply in Americas has seen several changes as we have focused on profitable accounts and put in place

processes that will allow the business to scale more quickly and efficiently. We have signed several new contracts with multinational customers and are focusing on driving cross-selling opportunities with RS PRO.

RS PRO continues to account for under 1% of the region's revenue but we expect to benefit from our rebranding to RS Americas and tailoring the product offering to be more appropriate for the region's customers.

Risoul contributed £95 million to revenue and £8 million to Americas' operating profit in the first half. Revenue performance is stronger than anticipated helped by strong inventory availability despite ongoing supply chain issues.

Operating profit and operating profit margin fell due to the volume decline and as last year's gross margin gains from price inflation benefits unwound. During the period we took action to adjust our cost base to the reduced volumes, namely within our headcount, which led to short-term operating costs with benefits second-half weighted. We have also invested in training, tools and technology for our customer-facing teams and continue to adjust our operating model to serve our customers better while lowering overall cost. Additionally, we continued to invest in marketing and other strategic initiatives focused on customer growth, digital and technology advances and our service solutions offering.

Americas' rolling twelve-month NPS was 64.4, a 4% decline from 67.0 in H1 2022/23, reflecting some market pricing pressures and the twelve-month metric includes the temporary effect of the brand change which took place in February 2023. Our focus remains on delivering a strong customer experience and mitigating the external industry issues we are facing.

Asia Pacific

	H1 2023/24	H1 2022/23	Change	Like-for-like[1] change
Revenue	**£110m**	£143m	(23)%	(18)%
Operating profit[2]	**£2m**	£23m	(91)%	(90)%
Operating profit margin	**1.9%**	16.4%	(14.5) pts	(13.7) pts
Digital revenue[3]	**£64m**	£87m	(26)%	(21)%
Service solutions revenue[3]	**£21m**	£23m	(10)%	(5)%
RS PRO revenue[3]	**£17m**	£19m	(13)%	(6)%

1. Like-for-like adjusted for currency and to exclude the impact of acquisitions; revenue also adjusted for trading days.
2. See Note 2 for reconciliation to Group operating profit.
3. See Note 2 for disaggregation of revenue analysis and reconciliations to region's revenue.

Asia Pacific's revenue decline was against a period of exceptionally strong growth in H1 2022/23 with performance negatively impacted by a sharp slowdown and then contraction in the electronics market and the unwinding of supply constraints. The global economic slowdown was across the whole region, although we have seen particularly difficult trading in China given less external investment as industrial production has moved outside the country.

As with many distribution businesses, a certain level of revenue is required to offset the underlying cost base making operating profit very sensitive to changes in revenue. The rapid reduction in revenue at a time of growth investment has had an impact on our operating profit margin.

Australia and New Zealand, accounting for 33% of the region's revenue, maintained like-for-like revenue growth, benefiting from stronger performance in large industrial customers and less exposure to the electronics sector. Our success with large corporate customers has provided a blueprint to scale across the rest of the region.

Greater China, which represents 24% of the region's revenue, was heavily impacted by the ongoing geopolitical uncertainty and greater exposure to the electronics sector. The economic recovery after the COVID-19 lockdowns has been much slower than expected.

South East Asia revenue represents 31% of the region's revenue and saw like-for-like revenue decline with softer demand for electronics products, stagnant manufacturing segment growth and political instability specifically in Thailand. We have invested in expanding our local inventory capacity including upgrading our warehouse in Thailand and opening new local warehouses in Malaysia and Philippines in the first half which will support revenue growth and improve lead times once the market starts to recover.

Japan and Korea saw the steepest revenue decline due to its high exposure to the electronics market and weaker industrial performance following strong growth in H1 2022/23. We have seen customer destocking in Japan as inventory held as a buffer when supply chains were constrained has unwound.

Digital like-for-like revenue decline was due to weaker market demand and lower search engine optimisation performance with reduced traffic and conversion rates; a function of supply chain normalisation within the market and the more transitory customers reverting to previous suppliers.

Like-for-like revenue decline in RS PRO outperformed the region. This was supported by an improved go-to-market strategy with specific product marketing campaigns to targeted customers. We have launched RS PRO focused product ranges to capture high value opportunities with target customers.

Operating profit margin was impacted by the reversal of the inventory benefits in H1 2022/23, resulting in significant volume reduction, and a weaker gross margin as supply chain constraints eased and competitive pressures increased. The new warehouses opened in South East Asia are operated by third party logistic providers, with the associated cost being an operating, rather than capital, expenditure. We have made some adjustments to our cost base to reflect lower volumes, including adapting our labour requirements, which will start to deliver financial benefits by the end of the second half.

Asia Pacific's rolling twelve-month NPS was 20.2, versus 17.1 in H1 2022/23. Our focus remains on delivering a strong customer experience and mitigating the external industry issues we are facing.

FINANCIAL REVIEW

Net finance costs

Net finance costs were £13 million, up from £5 million mainly due to the impact of increased net debt resulting from the acquisition of Distrelec and Risoul and higher interest rates. At 30 September 2023, 20% of the Group's gross borrowings excluding lease liabilities (H1 2022/23: 30%; 2022/23: 49%) was at fixed rates, with surplus cash deposited at variable rates. Going forward we expect the full year 2023/2024 net finance costs to be c. £30 million based on current interest rates.

Profit before tax

Profit before tax declined 31% to £126 million. Adjusted profit before tax was down 25% to £143 million, 29% on a like-for-like basis.

Taxation

The Group's income tax charge was £34 million (H1 2022/23: £41 million). The adjusted income tax charge, which excludes the impact of tax relief on items excluded from adjusted profit before tax, was £38 million (H1 2022/23: £43 million), resulting in an effective tax rate of 26.2% on adjusted profit before tax (H1 2022/23: 22.5%).

The main driver for the increase in the rate was the change in the UK corporate income tax rate from 19% to 25% effective from 1 April 2023. Going forward we expect the full year 2023/2024 effective tax rate on adjusted profit before tax to be c. 26%.

Earnings per share

Earnings per share declined by 35% to 19.5p. Adjusting for items excluded from adjusted profit and associated income tax effects, adjusted earnings per share of 22.3p declined 32% on a like-for-like basis.

Cash flow

£m	H1 2023/24	H1 2022/23
Operating profit	**139**	187
Add back depreciation and amortisation	**41**	32
EBITDA[1]	**179**	219
Add back impairments and loss on disposal of non-current assets	**-**	7
Movement in working capital	**(79)**	(45)
Defined benefit retirement contributions in excess of charge	**(5)**	(6)
Movement in provisions	**1**	(1)
Other	**7**	8
Cash generated from operations	**104**	182
Net capital expenditure	**(25)**	(22)
Operating cash flow	**79**	160
Add back cash effect of adjustments[1]	**5**	-
Adjusted operating cash flow[1]	**85**	160
Net interest paid	**(13)**	(4)
Income tax paid	**(46)**	(44)
Adjusted free cash flow[1]	**26**	112

1. See Note 13 for definitions and reconciliations of all alternative performance measures.

Lower EBITDA (earnings before interest, tax, depreciation and amortisation) was compounded by the receipt of inventory from suppliers that had either been on order for a long time or was received quicker than expected due to the easing of global supply chain issues. As a result, cash generated from operations was £104 million (H1 2022/23: £182 million) causing adjusted operating cash flow conversion to fall by 27.5 percentage points to 54.3%.

Net capital expenditure increased from £22 million to £25 million as we continued to invest in optimising our DCs, implementing new product management systems, augmenting digital commerce capabilities and strengthening our technology platforms.

Capital expenditure was at 1.2 times depreciation (H1 2022/23: 1.0 times), in line with our typical maintenance capital expenditure levels of 1.0 – 1.5 times depreciation. We anticipate capital expenditure in 2023/24 to be c. £50 million including planned spend to deliver our 2030 ESG action plan such as decarbonising our DC in Beauvais, France.

Net interest paid increased by £9 million to £13 million due to increased net debt resulting from the acquisition of Distrelec and Risoul and higher interest rates.

Income tax paid rose to £46 million reflecting additional payments made in respect of the previous year and advance tax payments based on early estimates of higher results.

Adjusted free cash flow fell to £26 million. We remain committed to conserving cash while ensuring we continue to invest in our business to enable a swift recovery when the economic conditions improve.

Working capital

Working capital as a percentage of revenue increased by 3.5 percentage points year on year to 26.3%, with half of the increase due to the impact of the acquisitions.

Trade and other receivables have decreased by £4 million since the year end to £688 million, with the acquisition of Distrelec increasing receivables by £27 million. The collection of receivables is our greatest short-term liquidity sensitivity and we continue to limit our exposure through tight credit policies, proactive monitoring and collections.

Gross inventories were £799 million, an increase of £139 million since the year end with the acquisition of Distrelec accounting for £74 million. Our inventory levels have increased due to the easing of global supply chain issues resulting in the improvement in performance of suppliers fulfilling new orders and the receipt of inventory previously on long lead times. As a result, our inventory turn has decreased to 2.3 times from 2.6 times at March. We expect to benefit during the second half from actions to reduce inventory levels in response to declining volumes. Inventory provisions have increased by £35 million to £79 million since the year end, £23 million due to the acquisition of Distrelec as expected and the balance due to the continued sales slowdown pushing inventory into excess, particularly of electronics products where minimum order quantities are high.

Overall trade and other payables decreased to £625 million from £659 million at March with the acquisition of Distrelec increasing payables by £35 million. The overall reduction reflects the slowdown in the business and the timing of payments for inventories.

Looking forward we continue to manage our working capital position actively and optimising cash conversion is a key area of focus. We remain focused on receivables collection. We will continue to seek to manage our inventory levels to take account of changing demand dynamics and supply chain behaviour, while anticipating our customers' expectations. We will continue to invest in the right inventory to ensure that we remain well positioned to maintain service levels and deliver strong growth as the markets recover. We pay our suppliers to terms and continue to work with some of our larger suppliers to improve terms where possible.

Net debt

Our net debt has increased to £502 million from £113 million at March (see Note 8) with the acquisition of Distrelec increasing net debt by £333 million.

The acquisition was funded by a new three-year term loan of €150 million and drawing down part of our £400 million sustainability-linked loan (SLL) facility. The SLL, term loan and the private placement loan notes form our committed debt facilities of £691 million, of which £168 million was undrawn at 30 September 2023. In October 2023, our request to take up one of the one-year term extensions to the SLL was approved by the lenders and so this facility now matures in October 2028, with a further one-year extension option remaining.

The Group's financial metrics remain strong, with net debt to adjusted EBITDA of 1.2x and EBITA to interest of 18.8x, leaving significant headroom for the Group's banking covenants of net debt to adjusted EBITDA less than 3.25 times and EBITA to interest greater than 3 times.

Return on Capital Employed (ROCE)

ROCE is the adjusted operating profit for the 12 months ended 30 September 2023 expressed as a percentage of the monthly average capital employed (net assets excluding net debt and retirement benefit obligations). ROCE was 23.3% compared to 31.4% at 30 September 2022, due to the impact of acquisitions in the last twelve months (2.0 percentage points), the decline in adjusted operating profit (3.8 percentage points) and the increase in monthly average capital employed (2.3 percentage points).

Retirement benefit obligations

Overall, the retirement benefit net obligations of the Group's defined benefit schemes at 30 September 2023 were £31 million compared to £36 million at 31 March 2023 and £41 million at 30 September 2022. The UK defined benefit scheme (our largest scheme) had a net obligation of £21 million under International Accounting Standard 19 'Employee Benefits', being the present value of the agreed future deficit contributions agreed following the March 2022 triennial funding valuation and payable to September 2025.

Dividend

The Board intends to continue to pursue a progressive dividend policy while remaining committed to a healthy dividend cover over time by driving improved results and stronger cash flow.

In the normal course, the interim dividend is equivalent to approximately 40% of the prior year full-year dividend. As such, the Board proposes an interim dividend of 8.3p per share. This will be paid on 5 January 2024 to shareholders on the register on 24 November 2023.

Foreign exchange risk

The Group does not hedge translation exposure on the income statements of overseas subsidiaries. Based on the mix of non-sterling denominated revenue and adjusted operating profit, a one cent movement in the euro would impact annual adjusted profit before tax by £2.1 million and a one cent movement in the US dollar would impact annual adjusted profit before tax by £1.2 million.

The Group is also exposed to foreign currency transactional risk because most operating companies have some level of payables in currencies other than their functional currency. Some operating companies also have receivables in currencies other than their functional currency. Group Treasury maintains three to seven months hedging against freely tradable currencies to smooth the impact of fluctuations in currency. The Group's largest exposures related to euros and US dollars.

RISKS AND UNCERTAINTIES

The Board has overall accountability for the Group's risk management, which is managed by the Executive Committee and co-ordinated by the Group's risk team. The principal elements of the process are: the identifying of risks, their assessment, their mitigation and then the ongoing monitoring of these risks.

The Group has a defined risk appetite, which has been adopted by the Board, and is considered across three risk categories: strategic, operational and regulatory / compliance. These three categories use both quantitative and qualitative criteria.

Principal risks and uncertainties

The principal risks and mitigations disclosed in the 2023 Annual Report and Accounts (pages 40 to 47) were:

1. Talent and people resources
2. Change in customer, supplier or competitor behaviours
3. Geopolitical environment
4. Delivery of strategy: The RS Way
5. M&A activity
6. Organisational resilience
7. Cyber security breach / information loss
8. Future global pandemics
9. Macroeconomic environment
10. Climate change
11. Legal and regulatory compliance

These risks have not changed since they were reported in the 2023 Annual Report and Accounts.

GOING CONCERN

Overview

In adopting the going concern basis for preparing these condensed Group accounts, the Board has considered the Group's future trading prospects; the Group's available liquidity, the maturity of its debt facilities and obligations under its debt covenants; and the Group's principal risks as summarised above.

As described in more detail in the Viability Statement in the 2023 Annual Report and Accounts, our business model is structured so that the Group has a global network of DCs; a talented and customer-centric team; strong supplier relationships; a broad and deep product offering and service solutions capabilities; and a strong digital presence. We are not reliant on one particular group of customers or suppliers and have a very broad spread of customers both in terms of industry sector and geography.

Financial position, liquidity and debt covenants

Our capital position is supported by regular reviews of the Group's funding facilities and debt covenants' headroom, through the Board's Treasury Committee.

The Group's net debt at 30 September 2023 was £502 million (31 March 2023: £113 million). Our committed debt facilities were £691 million, of which £168 million were undrawn (see the net debt section in the Financial Review for more details of our committed facilities). The earliest facility expiring is our £130 million (€150 million) term loan in April 2026.

The Group's debt covenants are EBITA to interest to be greater than 3 times and net debt to adjusted EBITDA to be less than 3.25 times, which are measured on a rolling 12-month basis at half year and year end. At 30 September 2023 EBITA to interest was 18.8x (31 March 2023: 34.2x) and net debt to adjusted EBITDA was 1.2x (31 March 2023: 0.2x) (see Note 13 for reconciliations).

Financial modelling

We frequently update our rolling 18-month forecast and this is reviewed regularly, and the assumptions approved, by the Board.

We have undertaken reverse stress tests on the latest forecast to assess the circumstances that would threaten the Group's current financing arrangements. These included significant declines in like-for-like revenue, significant declines in revenue and gross margin and a major deterioration in cash collection and each would have to result in adjusted operating profit margin falling to under 3% in at least one of the following five quarters. Also, a reverse stress

test of an acquisition of a significantly loss-making business was undertaken and would have to cost over £250 million to use up our debt facilities. All these reverse stress tests assumed no mitigations, capital expenditure and dividends are unchanged from those forecast and there are no changes in debt financing. The Board considers the risk of these circumstances occurring to be remote.

Going concern basis

Based on the assessment outlined above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the going concern period of at least 12 months from 6 November 2023. Therefore, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing these condensed Group accounts.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEAR FINANCIAL REPORT

The Directors confirm that these condensed Group accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as contained in UK-adopted International Financial Reporting Standards and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of accounts, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

A list of current Directors of RS Group plc is maintained on the RS Group plc website: www.rsgroup.com.

Kate Ringrose, Chief Financial Officer
6 November 2023

Forward-looking statements

This financial report contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of RS Group plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although RS Group plc believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, which may be beyond the control of RS Group plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be listed, RS Group plc has no intention or obligation to update forward-looking statements contained herein.

GROUP INCOME STATEMENT

For the six months ended 30 September 2023

	Notes	Six months ended 30.9.2023 £m	Six months ended 30.9.2022 £m	Year ended 31.3.2023 £m
Revenue	2	**1,446.7**	1,458.0	2,982.3
Cost of sales		**(813.8)**	(794.5)	(1,630.1)
Gross profit		**632.9**	663.5	1,352.2
Distribution and marketing expenses		**(446.9)**	(430.6)	(899.5)
Administrative expenses		**(47.2)**	(45.9)	(79.7)
Operating profit	2	**138.8**	187.0	383.0
Finance income		**2.3**	0.5	2.0
Finance costs		**(15.1)**	(5.4)	(14.2)
Share of profit of joint venture		**0.3**	0.4	0.7
Profit before tax	2	**126.3**	182.5	371.5
Income tax expense		**(34.1)**	(41.1)	(86.7)
Profit for the period attributable to owners of the Company		**92.2**	141.4	284.8
Earnings per share attributable to owners of the Company				
Basic	3	**19.5p**	30.0p	60.4p
Diluted	3	**19.5p**	29.8p	60.2p

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended 30.9.2023 £m	Six months ended 30.9.2022 £m	Year ended 31.3.2023 £m
Profit for the period	**92.2**	141.4	284.8
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement			
Remeasurement of retirement benefit obligations	**0.3**	(33.4)	(34.2)
Related income tax	**-**	6.9	7.9
Items that may be reclassified subsequently to the income statement			
Foreign exchange translation differences of joint venture	**-**	0.3	(0.1)
Foreign exchange translation differences	**19.0**	106.6	43.1
Fair value (loss) / gain on net investment hedges	**(2.4)**	(0.5)	5.4
Movement in cash flow hedges	**(0.5)**	9.3	3.9
Related income tax	**0.1**	(2.0)	(0.7)
Other comprehensive income for the period	**16.5**	87.2	25.3
Total comprehensive income for the period attributable to owners of the Company	**108.7**	228.6	310.1

GROUP BALANCE SHEET

As at 30 September 2023

	Notes	**30.9.2023 £m**	30.9.2022 £m	31.3.2023 £m
Non-current assets				
Intangible assets		**1,012.1**	524.6	704.8
Property, plant and equipment		**183.8**	192.9	186.3
Right-of-use assets		**75.6**	41.9	46.9
Investment in joint venture		**1.2**	1.9	1.5
Other receivables		**9.2**	3.6	6.5
Retirement benefit net assets	5	**0.8**	1.1	0.8
Deferred tax assets		**4.7**	12.6	6.9
Total non-current assets		**1,287.4**	778.6	953.7
Current assets				
Inventories	6	**719.7**	632.3	616.3
Trade and other receivables	7	**687.7**	636.1	692.0
Cash and cash equivalents – cash and short-term deposits	8	**379.1**	379.1	260.3
Other derivative assets		**2.5**	7.4	1.8
Current income tax receivables		**30.2**	15.7	19.9
Total current assets		**1,819.2**	1,670.6	1,590.3
Total assets		**3,106.6**	2,449.2	2,554.0
Current liabilities				
Trade and other payables		**(624.8)**	(629.5)	(658.9)
Cash and cash equivalents – bank overdrafts	8	**(268.8)**	(154.9)	(139.8)
Other borrowings	8	**(12.6)**	-	-
Lease liabilities	8	**(15.7)**	(16.2)	(14.6)
Interest rate swaps	8	**-**	(0.7)	-
Other derivative liabilities		**(2.8)**	(4.0)	(1.7)
Provisions		**(4.5)**	(2.3)	(1.8)
Current income tax liabilities		**(27.6)**	(23.6)	(22.1)
Total current liabilities		**(956.8)**	(831.2)	(838.9)
Non-current liabilities				
Other payables		**(8.8)**	(11.0)	(9.3)
Retirement benefit obligations	5	**(31.9)**	(42.3)	(37.2)
Borrowings	8	**(523.1)**	(176.3)	(184.6)
Lease liabilities	8	**(60.6)**	(28.4)	(34.3)
Provisions		**(16.0)**	(2.7)	(4.7)
Deferred tax liabilities		**(113.6)**	(71.5)	(90.1)
Total non-current liabilities		**(754.0)**	(332.2)	(360.2)
Total liabilities		**(1,710.8)**	(1,163.4)	(1,199.1)
Net assets		**1,395.8**	1,285.8	1,344.9
Equity				
Share capital and share premium		**283.7**	279.0	283.3
Own shares held by Employee Benefit Trust (EBT)		**(0.4)**	(0.3)	(2.2)
Other reserves		**126.2**	169.6	108.8
Retained earnings		**985.6**	836.8	954.3
Equity attributable to owners of the Company		**1,395.1**	1,285.1	1,344.2
Non-controlling interests		**0.7**	0.7	0.7
Total equity		**1,395.8**	1,285.8	1,344.9

GROUP CASH FLOW STATEMENT

For the six months ended 30 September 2023

	Notes	Six months ended 30.9.2023 £m	Six months ended 30.9.2022 £m	Year ended 31.3.2023 £m
Cash flows from operating activities				
Profit before tax		**126.3**	182.5	371.5
Depreciation and amortisation		**40.6**	32.1	64.6
Impairment of intangible assets		**-**	6.6	7.1
Loss on disposal of non-current assets		**0.1**	0.1	4.4
Equity-settled share-based payments		**6.6**	8.2	14.2
Net finance costs		**12.8**	4.9	12.2
Share of profit of and dividends received from joint venture		**0.3**	(0.2)	(0.1)
Increase in inventories		**(50.2)**	(62.4)	(44.3)
Decrease / (increase) in trade and other receivables		**29.7**	2.0	(37.8)
(Decrease) / increase in trade and other payables		**(58.6)**	15.2	33.2
Increase / (decrease) in provisions		**1.2**	(1.1)	(1.4)
Defined benefit retirement contributions in excess of charge		**(5.0)**	(5.8)	(10.6)
Cash generated from operations		**103.8**	182.1	413.0
Interest received		**2.3**	0.5	2.0
Interest paid		**(15.4)**	(4.6)	(14.6)
Income tax paid		**(45.7)**	(44.4)	(93.9)
Net cash from operating activities		**45.0**	133.6	306.5
Cash flows from investing activities				
Acquisition of businesses	10	**(313.1)**	(3.1)	(237.2)
Cash and cash equivalents acquired with businesses	10	**9.0**	1.2	12.7
Total cash impact on acquisition of businesses		**(304.1)**	(1.9)	(224.5)
Purchase of intangible assets		**(17.5)**	(12.1)	(27.5)
Purchase of property, plant and equipment		**(7.0)**	(10.0)	(18.6)
Proceeds on sale of property, plant and equipment		**-**	-	0.1
Net cash used in investing activities		**(328.6)**	(24.0)	(270.5)
Cash flows from financing activities				
Proceeds from the issue of share capital		**0.4**	0.5	4.8
Purchase of own shares by EBT		**(0.1)**	(0.1)	(2.1)
Loans drawn down		**402.3**	-	83.2
Loans repaid	8	**(53.2)**	-	(58.1)
Payment of lease liabilities	8	**(9.5)**	(8.9)	(18.8)
Dividends paid	4	**(64.8)**	(54.6)	(88.6)
Net cash from / (used in) financing activities		**275.1**	(63.1)	(79.6)
Net (decrease) / increase in cash and cash equivalents		**(8.5)**	46.5	(43.6)
Cash and cash equivalents at the beginning of the period		**120.5**	158.4	158.4
Effects of exchange rate changes		**(1.7)**	19.3	5.7
Cash and cash equivalents at the end of the period	8	**110.3**	224.2	120.5

GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company						
	Share capital and share premium £m	Own shares held by EBT £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 April 2022	278.5	(3.0)	60.2	772.8	1,108.5	-	1,108.5
Profit for the period	-	-	-	141.4	141.4	-	141.4
Remeasurement of retirement benefit obligations	-	-	-	(33.4)	(33.4)	-	(33.4)
Foreign exchange translation differences	-	-	106.4	-	106.4	-	106.4
Movement in cash flow hedges	-	-	9.3	-	9.3	-	9.3
Tax on other comprehensive income	-	-	(2.0)	6.9	4.9	-	4.9
Total comprehensive income	-	-	113.7	114.9	228.6	-	228.6
Cash flow hedging gains transferred to inventories	-	-	(5.3)	-	(5.3)	-	(5.3)
Tax on cash flow hedging transfers	-	-	1.0	-	1.0	-	1.0
Dividends (Note 4)	-	-	-	(54.6)	(54.6)	-	(54.6)
Equity-settled share-based payments	-	-	-	8.2	8.2	-	8.2
Settlement of share awards	0.5	2.8	-	(2.7)	0.6	-	0.6
Purchase of own shares by EBT	-	(0.1)	-	-	(0.1)	-	(0.1)
Tax on equity-settled share-based payments	-	-	-	(1.1)	(1.1)	-	(1.1)
Sale of subsidiary's shares to non-controlling interests	-	-	-	(0.7)	(0.7)	0.7	-
At 30 September 2022	279.0	(0.3)	169.6	836.8	1,285.1	0.7	1,285.8
Profit for the period	-	-	-	143.4	143.4	-	143.4
Remeasurement of retirement benefit obligations	-	-	-	(0.8)	(0.8)	-	(0.8)
Foreign exchange translation differences	-	-	(58.0)	-	(58.0)	-	(58.0)
Movement in cash flow hedges	-	-	(5.4)	-	(5.4)	-	(5.4)
Tax on other comprehensive income	-	-	1.3	1.0	2.3	-	2.3
Total comprehensive income	-	-	(62.1)	143.6	81.5	-	81.5
Cash flow hedging losses transferred to inventories	-	-	1.6	-	1.6	-	1.6
Tax on cash flow hedging transfers	-	-	(0.3)	-	(0.3)	-	(0.3)
Dividends (Note 4)	-	-	-	(34.0)	(34.0)	-	(34.0)
Equity-settled share-based payments	-	-	-	6.0	6.0	-	6.0
Settlement of share awards	4.3	0.1	-	(0.2)	4.2	-	4.2
Purchase of own shares by EBT	-	(2.0)	-	-	(2.0)	-	(2.0)
Tax on equity-settled share-based payments	-	-	-	2.1	2.1	-	2.1
At 31 March 2023	283.3	(2.2)	108.8	954.3	1,344.2	0.7	1,344.9
Profit for the period	-	-	-	92.2	92.2	-	92.2
Remeasurement of retirement benefit obligations	-	-	-	0.3	0.3	-	0.3
Foreign exchange translation differences	-	-	16.6	-	16.6	-	16.6
Movement in cash flow hedges	-	-	(0.5)	-	(0.5)	-	(0.5)
Tax on other comprehensive income	-	-	0.1	-	0.1	-	0.1
Total comprehensive income	-	-	16.2	92.5	108.7	-	108.7
Cash flow hedging gains transferred to inventories	-	-	(0.2)	-	(0.2)	-	(0.2)
Cash flow hedging losses transferred to acquisition purchase price	-	-	1.8	-	1.8	-	1.8
Tax on cash flow hedging transfers	-	-	(0.4)	-	(0.4)	-	(0.4)
Dividends (Note 4)	-	-	-	(64.8)	(64.8)	-	(64.8)
Equity-settled share-based payments	-	-	-	6.6	6.6	-	6.6
Settlement of share awards	0.4	1.9	-	(1.9)	0.4	-	0.4
Purchase of own shares by EBT	-	(0.1)	-	-	(0.1)	-	(0.1)
Tax on equity-settled share-based payments	-	-	-	(1.1)	(1.1)	-	(1.1)
At 30 September 2023	**283.7**	**(0.4)**	**126.2**	**985.6**	**1,395.1**	**0.7**	**1,395.8**

NOTES TO THE CONDENSED GROUP ACCOUNTS

1. Basis of preparation

These condensed Group accounts were approved by the Board of Directors on 6 November 2023 and are unaudited but have been reviewed by the auditors. They do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, but have been prepared in accordance with the UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. As outlined in the Going Concern statement, the Directors consider it appropriate to continue to adopt the going concern basis in preparing these condensed Group accounts. The Annual Report and Accounts for the year ended 31 March 2023 was prepared in accordance with UK-adopted international accounting standards (UK IAS) and has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006.

These condensed Group accounts have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2023 except for the estimation of income tax. Under IAS 34, the tax charge for the period is calculated using the estimated weighted average effective tax rate for the year ending 31 March 2024. Where tax balances are revised due to changes in tax rates or estimates of tax liabilities for prior periods, the full effect is included in the tax charge for the first half of the year.

No accounting standards, amendments to existing standards or interpretations, either adopted in the period or issued but not yet applicable, have or are expected to have a material impact on the reported results or financial position of the Group. Finance (No.2) Act 2023 was substantively enacted in the UK on 20 June 2023 and the Group has applied the exception under Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' to not recognise and disclose information about deferred tax assets and liabilities related to any resulting top-up income taxes.

The significant judgements made by the Group in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group accounts for the year ended 31 March 2023, although the assumptions used in the judgements involved in estimations have been updated to take account of the Group's latest expectations of the longer-term impacts of climate change and environmental regulations and the current global economic and geopolitical uncertainties.

2. Segmental reporting

The Group's operating segments comprise three regions: EMEA, Americas and Asia Pacific.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2023				
Revenue from external customers	**860.9**	**475.6**	**110.2**	**1,446.7**
Segmental operating profit	**131.9**	**52.1**	**2.1**	**186.1**
Central costs				**(30.5)**
Adjusted operating profit				**155.6**
Amortisation of acquired intangibles				**(12.6)**
Acquisition-related items				**(4.2)**
Operating profit				**138.8**
Net finance costs				**(12.8)**
Share of profit of joint venture				**0.3**
Profit before tax				**126.3**
Six months ended 30 September 2022				
Revenue from external customers	854.3	461.0	142.7	1,458.0
Segmental operating profit	131.2	78.3	23.4	232.9
Central costs				(36.8)
Adjusted operating profit				196.1
Amortisation and impairment of acquired intangibles				(9.1)
Operating profit				187.0
Net finance costs				(4.9)
Share of profit of joint venture				0.4
Profit before tax				182.5

2. Segmental reporting (continued)

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Year ended 31 March 2023				
Revenue from external customers	1,768.5	945.5	268.3	2,982.3
Segmental operating profit	275.8	148.5	38.4	462.7
Central costs				(60.5)
Adjusted operating profit				402.2
Amortisation and impairment of acquired intangibles				(16.6)
Acquisition-related items				(2.6)
Operating profit				383.0
Net finance costs				(12.2)
Share of profit of joint venture				0.7
Profit before tax				371.5

In the table below, revenue is disaggregated by sales channels, by own-brand products or other product and service solutions, and also by service solutions and other. The Group's largest own-brand is RS PRO. £1,400.7 million of revenue is recognised at a point in time (six months ended 30 September 2022: £1,419.3 million; year ended 31 March 2023: £2,901.2 million) and £46.0 million over time (six months ended 30 September 2022: £38.7 million; year ended 31 March 2023: £81.1 million).

Sales channel

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2023				
Web	**428.8**	**129.6**	**47.0**	**605.4**
eProcurement and other digital	**208.2**	**42.0**	**16.8**	**267.0**
Digital	**637.0**	**171.6**	**63.8**	**872.4**
Offline	**223.9**	**304.0**	**46.4**	**574.3**
Group	**860.9**	**475.6**	**110.2**	**1,446.7**
Six months ended 30 September 2022				
Web	431.4	154.9	66.2	652.5
eProcurement and other digital	192.6	50.1	20.3	263.0
Digital	624.0	205.0	86.5	915.5
Offline	230.3	256.0	56.2	542.5
Group	854.3	461.0	142.7	1,458.0
Year ended 31 March 2023				
Web	893.8	304.3	121.2	1,319.3
eProcurement and other digital	417.3	100.5	39.6	557.4
Digital	1,311.1	404.8	160.8	1,876.7
Offline	457.4	540.7	107.5	1,105.6
Group	1,768.5	945.5	268.3	2,982.3

2. Segmental reporting (continued)

Own-brand / other product and service solutions

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2023				
Own-brand product and service solutions	**177.6**	**3.4**	**16.8**	**197.8**
Other product and service solutions	**683.3**	**472.2**	**93.4**	**1,248.9**
Group	**860.9**	**475.6**	**110.2**	**1,446.7**
Six months ended 30 September 2022				
Own-brand product and service solutions	170.6	3.7	19.2	193.5
Other product and service solutions	683.7	457.3	123.5	1,264.5
Group	854.3	461.0	142.7	1,458.0
Year ended 31 March 2023				
Own-brand product and service solutions	360.2	7.1	37.2	404.5
Other product and service solutions	1,408.3	938.4	231.1	2,577.8
Group	1,768.5	945.5	268.3	2,982.3

Service solutions / other

During the six months ended 30 September 2023 the Group reviewed what it classes as service solutions which has resulted in certain revenue streams now being included and certain ones excluded, resulting in an overall decrease to the service solutions revenue for the year ended 31 March 2023 of £48.6 million and £29.9 million for the year ended 31 March 2022. The information below reflects the new classification.

	EMEA £m	Americas £m	Asia Pacific £m	Group £m
Six months ended 30 September 2023				
Service solutions	**252.3**	**63.4**	**21.0**	**336.7**
Other	**608.6**	**412.2**	**89.2**	**1,110.0**
Group	**860.9**	**475.6**	**110.2**	**1,446.7**
Six months ended 30 September 2022				
Service solutions	235.0	61.7	23.3	320.0
Other	619.3	399.3	119.4	1,138.0
Group	854.3	461.0	142.7	1,458.0
Year ended 31 March 2023 (restated)				
Service solutions	506.1	132.9	46.4	685.4
Other	1,262.4	812.6	221.9	2,296.9
Group	1,768.5	945.5	268.3	2,982.3
Year ended 31 March 2022 (restated)				
Service solutions	425.6	93.4	39.1	558.1
Other	1,153.9	625.3	216.4	1,995.6
Group	1,579.5	718.7	255.5	2,553.7

3. Earnings per share

	Six months ended		Year ended
	30.9.2023 Number	30.9.2022 Number	31.3.2023 Number
Weighted average number of shares	**472,921,885**	471,098,269	471,717,928
Dilutive effect of share-based payments	**419,848**	2,655,779	1,194,205
Diluted weighted average number of shares	**473,341,733**	473,754,048	472,912,133
Basic earnings per share attributable to owners of the Company	**19.5p**	30.0p	60.4p
Diluted earnings per share attributable to owners of the Company	**19.5p**	29.8p	60.2p

4. Dividends

	Six months ended		Year ended
	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Final dividend for the year ended 31 March 2023 – 13.7p (2022: 11.6p)	**64.8**	54.6	54.6
Interim dividend for the year ended 31 March 2023 – 7.2p	**-**	-	34.0
	64.8	54.6	88.6

An interim dividend of 8.3p will be paid on 5 January 2024 to shareholders on the register on 24 November 2023 with an ex-dividend date of 23 November 2023 and the estimated amount to be paid of £39.3 million has not been included as a liability in these accounts.

5. Retirement benefit obligations

The Group operates defined benefit schemes in the United Kingdom and Europe.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Fair value of scheme assets	**397.4**	421.4	432.0
Present value of defined benefit obligations	**(371.4)**	(403.9)	(407.3)
Effect of asset ceiling / onerous liability	**(57.1)**	(58.7)	(61.1)
Retirement benefit net obligations	**(31.1)**	(41.2)	(36.4)
Amount recognised on the balance sheet – liability	**(31.9)**	(42.3)	(37.2)
Amount recognised on the balance sheet – asset	**0.8**	1.1	0.8

A change in the key assumptions on the UK scheme would have the following increase / (decrease) on the UK defined benefit obligations as at 30 September 2023:

	Increase in assumption	**Decrease in assumption**
	£m	**£m**
Effect on obligation of a 0.5 pts change to the assumed discount rate	**(21.8)**	**24.1**
Effect on obligation of a 0.1 pts change in the assumed inflation rate	**4.2**	**(4.2)**
Effect on obligation of a change of one year in assumed life expectancy	**9.2**	**(9.3)**

6. Inventories

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Gross inventories	**798.5**	663.6	660.0
Inventory provisions	**(78.8)**	(31.3)	(43.7)
Net inventories	**719.7**	632.3	616.3

During the six months ended 30 September 2023 £19.3 million was recognised as an expense relating to the write-down of inventories to net realisable value (six months ended 30 September 2022: £13.4 million; year ended 31 March 2023: £33.0 million).

7. Trade and other receivables

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Gross trade receivables	**599.3**	568.3	621.0
Impairment allowance	**(11.5)**	(11.4)	(12.6)
Net trade receivables	**587.8**	556.9	608.4
Other receivables (including prepayments)	**99.9**	79.2	83.6
Trade and other receivables	**687.7**	636.1	692.0

Trade receivables are written off when there is no reasonable expectation of recovery, for example when a customer enters liquidation or the Group agrees with the customer to write off an outstanding invoice. The Group continues to limit its exposure by maintaining tight credit policies, including short payment terms and low credit limits for new customers and seeking payment commitments for overdue balances before releasing new orders to existing customers. Historically, the Group has generally experienced very low levels of trade receivables not being recovered, including those significantly past due, and this was also the case during the six months ended 30 September 2023. However, with the continued global economic and geopolitical uncertainties, the Group remains cautious about its exposure and so has carefully reviewed, and maintained at a higher level, its expected loss rates for those markets and industries that are most affected.

8. Net (debt) / cash

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Cash and short-term deposits	**379.1**	379.1	260.3
Bank overdrafts	**(268.8)**	(154.9)	(139.8)
Cash and cash equivalents	**110.3**	224.2	120.5
Non-current private placement loan notes	**(161.4)**	(176.3)	(160.4)
Non-current sustainability-linked loan	**(232.0)**	-	(24.2)
Non-current term loan (unsecured and repayable by 27 April 2026 bearing interest at EURIBOR plus 1.15%)	**(129.7)**	-	-
Current money market loans	**(10.0)**	-	-
Current bank facilities	**(2.6)**	-	-
Current interest rate swaps designated as fair value hedges – liabilities	**-**	(0.7)	-
Current lease liabilities	**(15.7)**	(16.2)	(14.6)
Non-current lease liabilities	**(60.6)**	(28.4)	(34.3)
Net (debt) / cash	**(501.7)**	2.6	(113.0)

Movements in net (debt) / cash were:

	Borrowings	Lease liabilities	Total liabilities from financing activities	Interest rate swaps	Cash and cash equivalents	Net (debt) / cash
	£m	£m	£m	£m	£m	£m
Net debt at 1 April 2022	(151.7)	(48.7)	(200.4)	(0.1)	158.4	(42.1)
Cash flows	-	8.9	8.9	-	46.5	55.4
Acquired with businesses	-	(0.3)	(0.3)	-	-	(0.3)
Net lease additions	-	(2.9)	(2.9)	-	-	(2.9)
Gain / (loss) in fair value in period	0.6	-	0.6	(0.6)	-	-
Translation differences	(25.2)	(1.6)	(26.8)	-	19.3	(7.5)
Net cash at 30 September 2022	(176.3)	(44.6)	(220.9)	(0.7)	224.2	2.6
Cash flows	(25.1)	9.9	(15.2)	-	(90.1)	(105.3)
Acquired with businesses	-	(9.5)	(9.5)	-	-	(9.5)
Net lease additions	-	(5.5)	(5.5)	-	-	(5.5)
(Loss) / gain in fair value in period	(0.7)	-	(0.7)	0.7	-	-
Translation differences	17.5	0.8	18.3	-	(13.6)	4.7
Net debt at 31 March 2023	(184.6)	(48.9)	(233.5)	-	120.5	(113.0)
Cash flows	(349.1)	9.5	(339.6)	-	(8.5)	(348.1)
Acquired with businesses	-	(28.5)	(28.5)	-	-	(28.5)
Net lease additions	-	(8.0)	(8.0)	-	-	(8.0)
Translation differences	(2.0)	(0.4)	(2.4)	-	(1.7)	(4.1)
Net debt at 30 September 2023	**(535.7)**	**(76.3)**	**(612.0)**	**-**	**110.3**	**(501.7)**

9. Fair values of financial instruments

The other derivatives, interest rate swaps and the fair value of the private placement loan notes they were hedging are measured at fair value using Level 2 inputs. These are estimated by discounting the future contractual cash flows using appropriate market-sourced data at the balance sheet date.

For all financial assets and liabilities, fair value approximates the carrying amounts shown in the balance sheet except for the following:

	30.9.2023		30.9.2022		31.3.2023	
	Carrying amounts	**Fair value**	Carrying amounts	Fair value	Carrying amounts	Fair value
	£m	**£m**	£m	£m	£m	£m
Private placement loan notes	**(161.4)**	**(143.0)**	(176.3)	(170.1)	(160.4)	(147.7)

The fair values are calculated using Level 2 inputs by discounting future cash flows to net present values using prevailing interest rate curves and the Group's credit margin.

10. Acquisitions

On 30 June 2023 the Group acquired 100% of the issued share capital of the Distrelec B.V. and its subsidiaries (Distrelec), a high-service, digital-led distributor of industrial and maintenance, repair and operations (MRO) products in Europe. Distrelec significantly expands the Group's presence in continental Europe and will leverage the Group's existing operations to drive value-accretive growth. The goodwill is attributable to cost synergies in procurement, logistics and warehousing, and marketing and administration, in addition to revenue synergies from cross-selling opportunities of RS's own brand and solutions offer.

The fair value of the net assets acquired, consideration and goodwill arising were:

	£m
Intangible assets – customer relationships	**73.5**
Intangible assets – brands	**22.1**
Intangible assets – software	**10.6**
Property, plant and equipment	**0.6**
Right-of-use assets	**29.8**
Inventories (gross £74.1 million less provisions of £22.5 million)	**51.6**
Trade and other receivables	**27.1**
Cash and cash equivalents – cash and short-term deposits	**9.0**
Current trade and other payables	**(34.9)**
Current lease liabilities	**(2.4)**
Current provisions	**(1.9)**
Non-current lease liabilities	**(26.1)**
Non-current other payables	**(1.1)**
Non-current other provisions	**(10.9)**
Current income tax liabilities	**(5.4)**
Deferred tax liabilities	**(23.3)**
Net assets acquired	**118.3**
Indemnification assets (included in non-current other receivables)	**2.8**
Goodwill	**192.0**
Consideration paid – cash	**313.1**

The goodwill will not be deductible for tax purposes. The fair values of tax balances and other assets and liabilities are provisional while the Group continues to assess the assets and liabilities acquired. The gross contractual amounts receivable for trade and other receivables was £27.9 million, of which £0.8 million is not expected to be collected. £4.6 million of acquisition-related costs for Distrelec were charged to administrative expenses in the six months ended 30 September 2023 and £2.8 million in the year ended 31 March 2023. Amortisation is calculated to write off the acquired intangible assets on a straight-line basis over the following useful lives: customer relationships 16 years; brands 5 - 10 years; and software 2 years.

10. Acquisitions (continued)

The indemnification assets relate to:

- £1.9 million for full indemnification from the sellers of costs under the lease of the distribution centre in the Netherlands from 1 January 2027 to the end of the lease in November 2036, or when the lease is exited if earlier, measured as the difference between the right-of-use asset and the lease liability for that lease over that time frame, with a range of outcomes from £nil to an amount equal to the aggregate of any such costs (capped at the consideration for the acquisition); and
- £0.9 million for contractual indemnifications relating to uncertain tax provisions measured on the same basis as the provisions, with a range of outcomes from £nil to £0.9 million.

Distrelec contributed revenue of £45.4 million and profit after tax of £0.4 million to the Group's results since acquisition and is included in EMEA. If the acquisition had occurred on 1 April 2023, the Group's revenue and profit for the six months ended 30 September 2023 would have been £1,496.4 million and £75.2 million respectively.

Movements in the Group's goodwill in the period were:

Cost and net book value	£m
At 1 April 2023	463.3
Acquisition	192.0
Translation differences	9.7
At 30 September 2023	**665.0**

Included in acquisition-related items for the six months ended 30 September 2023 was the release of the £0.4 million contingent consideration payable on acquisition of domnick hunter-RL (Thailand) Co., Ltd. given the conditions for payment were not met.

11. Capital commitments

As at 30 September 2023, the Group is contractually committed to, but has not provided for, future capital expenditure of £13.5 million (30 September 2022: £0.7 million; 31 March 2023: £3.5 million) for property, plant and equipment and £8.3 million (30 September 2022: £4.5 million; 31 March 2023: £2.1 million) for intangible assets.

12. Related party transactions

There has been no material change in related party relationships in the six months ended 30 September 2023. There were no significant related party transactions which have materially affected the financial position or performance of the Group during that period.

13. Alternative Performance Measures (APMs)

The Group uses a number of APMs in addition to those measures reported in accordance with UK IAS. Such APMs are not defined terms under UK IAS and are not intended to be a substitute for any UK IAS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs are used internally for performance analysis and in employee incentive arrangements, as well as in discussions with the investment analyst community.

The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, number of trading days and items, such as reorganisation costs, that are substantial in scope and impact and do not form part of operational or management activities that the Directors would consider part of underlying performance. The Directors also believe that excluding recent acquisitions and acquisition-related items aid comparison of the underlying performance between reporting periods and between businesses with similar assets that were internally generated.

13. Alternative Performance Measures (APMs) (continued)

Adjusted profit measures

These are the equivalent UK IAS measures adjusted to exclude amortisation and impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs, one-off pension credits or costs, significant tax rate changes and, where relevant, associated tax effects. Adjusted profit before tax is a performance measure for the annual bonus and the all employee Long Term Incentive Plan (LTIP) called the RS YAY! Award. Adjusted earnings per share is a performance measure for the LTIP and Journey to Greatness (J2G) LTIP award. Adjusted operating profit conversion, adjusted operating profit margin and adjusted earnings per share are financial key performance indicators (KPIs) which are used to measure the Group's progress in delivering the successful implementation of its strategy and monitor and drive its performance.

	Operating costs[1] £m	Operating profit £m	Operating profit margin[2] %	Operating profit conversion[3] %	Profit before tax £m	Profit for the period £m	Basic earnings per share p	Diluted earnings per share p
Six months ended 30 September 2023								
Reported	**(494.1)**	**138.8**	**9.6%**	**21.9%**	**126.3**	**92.2**	**19.5p**	**19.5p**
Amortisation of acquired intangibles	**12.6**	**12.6**			**12.6**	**9.1**	**1.9p**	**1.9p**
Acquisition-related items	**4.2**	**4.2**			**4.2**	**4.3**	**0.9p**	**0.9p**
Adjusted	**(477.3)**	**155.6**	**10.8%**	**24.6%**	**143.1**	**105.6**	**22.3p**	**22.3p**
Six months ended 30 September 2022								
Reported	(476.5)	187.0	12.8%	28.2%	182.5	141.4	30.0p	29.8p
Amortisation and impairment of acquired intangibles	9.1	9.1			9.1	7.1	1.5p	1.5p
Adjusted	(467.4)	196.1	13.4%	29.6%	191.6	148.5	31.5p	31.3p

(1) Operating costs are distribution and marketing expenses plus administrative expenses.

(2) Operating profit margin is operating profit expressed as a percentage of revenue.

(3) Operating profit conversion is operating profit expressed as a percentage of gross profit.

Acquisition-related items comprise transaction costs directly attributable to the acquisition of businesses, any deferred consideration payments relating to the retention of former owners of acquired businesses and any remeasurements of contingent consideration payable on acquisition of businesses that result from events after the acquisition date.

Like-for-like revenue and profit measures

Like-for-like revenue and profit measures are adjusted to exclude the effects of changes in exchange rates on translation of overseas profits. They exclude acquisitions in the relevant periods until they have been owned for a year, at which point they start to be included in both the current and comparative periods for the same number of months. These measures enable management and investors to track more easily, and consistently, the underlying performance of the business.

The principal exchange rates applied in preparing the Group accounts and in calculating the following like-for-like measures are:

	Average for six months ended		**Closing**		
	30.9.2023	30.9.2022	**30.9.2023**	30.9.2022	31.3.23
US dollar	**1.259**	1.216	**1.226**	1.105	1.239
Euro	**1.157**	1.174	**1.157**	1.132	1.137

13. Alternative Performance Measures (APMs) (continued)

Like-for-like revenue change

Like-for-like revenue change is also adjusted to eliminate the impact of trading days year on year. It is calculated by comparing the revenue of the base business for the current period with the prior period converted at the current period's average exchange rates and pro-rated for the same number of trading days as the current period. It is a performance measure for the annual bonus and a financial KPI.

	£m
Revenue for six months ended 30 September 2022 (H1 2022/23)	1,458.0
Effect of exchange rates	(21.2)
Effect of trading days	(13.4)
Revenue for H1 2022/23 at H1 2023/24 rates and trading days	1,423.4

	H1 2023/24 Group £m	**Less: acquisitions owned <1 year £m**	**H1 2023/24 base business £m**	H1 2022/23 £m	H1 2022/23 at H1 2023/24 rates and trading days £m	Like-for-like change %
EMEA	**860.9**	**45.4**	**815.5**	854.3	848.9	(4)%
Americas	**475.6**	**94.9**	**380.7**	461.0	441.7	(14)%
Asia Pacific	**110.2**	**1.7**	**108.5**	142.7	132.8	(18)%
Revenue	**1,446.7**	**142.0**	**1,304.7**	1,458.0	1,423.4	(8)%

Gross margin and like-for-like gross margin change

Gross margin is gross profit divided by revenue. Like-for-like change in gross margin is calculated by taking the difference between gross margin for the base business for the current period and gross margin for the prior period with revenue and gross profit converted at the current period's average exchange rates.

	H1 2023/24 Group £m	**Less: acquisitions owned <1 year £m**	**H1 2023/24 base business £m**	H1 2022/23 £m	H1 2022/23 at H1 2023/24 rates £m	Like-for-like change pts
Revenue	**1,446.7**	**142.0**	**1,304.7**	1,458.0	1,436.8	
Gross profit	**632.9**	**44.5**	**588.4**	663.5	654.1	
Gross margin	**43.7%**	**31.3%**	**45.1%**	45.5%	45.5%	(0.4) pts

Like-for-like profit change

Like-for-like change in profit is calculated by comparing the base business for the current period with the prior period converted at the current period's average exchange rates.

	H1 2023/24 Group £m	**Less: acquisitions owned <1 year £m**	**H1 2023/24 base business £m**	H1 2022/23 £m	H1 2022/23 at H1 2023/24 rates £m	Like-for-like change %
Segmental operating profit						
EMEA	**131.9**	**2.8**	**129.1**	131.2	132.3	(2)%
Americas	**52.1**	**7.7**	**44.4**	78.3	75.4	(41)%
Asia Pacific	**2.1**	**-**	**2.1**	23.4	20.8	(90)%
Segmental operating profit	**186.1**	**10.5**	**175.6**	232.9	228.5	(23)%
Central costs	**(30.5)**	**-**	**(30.5)**	(36.8)	(36.6)	(17)%
Adjusted operating profit	**155.6**	**10.5**	**145.1**	196.1	191.9	(24)%
Adjusted profit before tax	**143.1**	**9.5**	**133.6**	191.6	187.4	(29)%
Adjusted earnings per share	**22.3p**	**1.3p**	**21.0p**	31.5p	30.8p	(32)%
Adjusted diluted earnings per share	**22.3p**	**1.4p**	**20.9p**	31.3p		

13. Alternative Performance Measures (APMs) (continued)

Adjusted free cash flow and adjusted operating cash flow conversion

Adjusted free cash flow is the net cash from operating activities less purchase of intangible assets, property, plant and equipment plus any proceeds on sale of intangible assets, property, plant and equipment adjusted for the impact of substantial reorganisation and acquisition-related items cash flows and is a performance measure for the annual bonus.

Adjusted operating cash flow is adjusted free cash flow before income tax and net interest paid. Adjusted operating cash flow conversion is adjusted operating cash flow expressed as a percentage of adjusted operating profit and is a financial KPI.

	Six months ended		Year ended
	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Net cash from operating activities	**45.0**	133.6	306.5
Purchase of intangible assets	**(17.5)**	(12.1)	(27.5)
Purchase of property, plant and equipment	**(7.0)**	(10.0)	(18.6)
Proceeds on sale of property, plant and equipment	**-**	-	0.1
Add back: impact of substantial reorganisation cash flows	**0.6**	0.4	0.5
Add back: impact of acquisition-related items cash flows	**4.6**	-	2.6
Adjusted free cash flow	**25.7**	111.9	263.6
Add back: income tax paid	**45.7**	44.4	93.9
Add back: net interest paid	**13.1**	4.1	12.6
Adjusted operating cash flow	**84.5**	160.4	370.1
Adjusted operating profit	**155.6**	196.1	402.2
Adjusted operating cash flow conversion	**54.3%**	81.8%	92.0%

Earnings before interest, tax, depreciation and amortisation (EBITDA) and net debt to adjusted EBITDA

EBITDA is operating profit excluding depreciation and amortisation. Net debt to adjusted EBITDA (one of the Group's debt covenants) is the ratio of net debt to EBITDA excluding impairment of intangible assets arising on acquisition of businesses, acquisition-related items, substantial reorganisation costs, substantial asset write-downs and one-off pension credits or costs for the preceding twelve-month period.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Operating profit	**138.8**	187.0	383.0
Add back: depreciation and amortisation	**40.6**	32.1	64.6
EBITDA	**179.4**	219.1	447.6
Add back: impairment of acquired intangibles	**-**	3.3	3.3
Add back: acquisition-related items	**4.2**	-	2.6
Adjusted EBITDA for this period	**183.6**	222.4	453.5
Adjusted EBITDA for prior year	**453.5**	372.5	
Less: adjusted EBITDA for prior first half	**(222.4)**	(170.5)	
Annualised adjusted EBITDA	**414.7**	424.4	453.5
Net (debt) / cash (Note 8)	**(501.7)**	2.6	(113.0)
Net debt to adjusted EBITDA	**1.2x**	n/m	0.2x

13. Alternative Performance Measures (APMs) (continued)

Earnings before interest, tax and amortisation (EBITA) and EBITA to interest

EBITA is adjusted EBITDA after depreciation. EBITA to interest (one of the Group's debt covenants) is the ratio of EBITA to finance costs including capitalised interest less finance income for the preceding twelve-month period.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Adjusted EBITDA for this period	**183.6**	222.4	453.5
Less: depreciation	**(17.8)**	(17.9)	(36.2)
EBITA for this period	**165.8**	204.5	417.3
EBITA for prior year	**417.3**	339.0	
Less: EBITA for prior first half	**(204.5)**	(153.9)	
Annualised adjusted EBITA	**378.6**	389.6	417.3
Finance costs	**15.1**	5.4	14.2
Less: finance income	**(2.3)**	(0.5)	(2.0)
Interest (per debt covenants) for this period	**12.8**	4.9	12.2
Interest (per debt covenants) for prior year	**12.2**	7.6	
Less: interest (per debt covenants) for prior first half	**(4.9)**	(3.7)	
Annualised interest (per debt covenants)	**20.1**	8.8	12.2
EBITA to interest	**18.8x**	44.3x	34.2x

Return on capital employed (ROCE)

ROCE is annualised adjusted operating profit expressed as a percentage of annualised monthly average net assets excluding net cash / debt and retirement benefit obligations and is an underpin for the LTIP and J2G LTIP Award and a financial KPI.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Annualised monthly average net assets	**1,342.5**	1,116.5	1258.0
Add back: annualised average net debt	**174.6**	36.4	25.6
Add back: annualised average retirement benefit net (assets) / obligations	**36.1**	31.5	24.1
Annualised average capital employed	**1,553.2**	1,184.4	1,307.7
Adjusted operating profit for this period	**155.6**	196.1	402.2
Adjusted operating profit for prior year	**402.2**	320.4	
Less: adjusted operating profit for prior first half	**(196.1)**	(144.8)	
Annualised adjusted operating profit	**361.7**	371.7	402.2
ROCE	**23.3%**	31.4%	30.8%

Working capital as a percentage of revenue

Working capital is inventories, current trade and other receivables and current trade and other payables.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Inventories	**719.7**	632.3	616.3
Current trade and other receivables	**687.7**	636.1	692.0
Current trade and other payables	**(624.8)**	(629.5)	(658.9)
Working capital	**782.6**	638.9	649.4
Revenue for this period	**1,446.7**	1,458.0	2,982.3
Revenue for prior year	**2,982.3**	2,553.7	
Less: revenue for prior first half	**(1,458.0)**	(1,208.9)	
Annualised revenue	**2,971.0**	2,802.8	2,982.3
Working capital as a percentage of revenue	**26.3%**	22.8%	21.8%

13. Alternative Performance Measures (APMs) (continued)

Inventory turn

Inventory turn is annualised cost of sales divided by inventories.

	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Cost of sales for this period	**813.8**	794.5	1,630.1
Cost of sales for prior year	**1,630.1**	1,425.8	
Less: cost of sales for prior first half	**(794.5)**	(680.7)	
Annualised cost of sales	**1,649.4**	1,539.6	1,630.1
Inventories	**719.7**	632.3	616.3
Inventory turn	**2.3**	2.4	2.6

Ratio of capital expenditure to depreciation

Ratio of capital expenditure to depreciation is capital expenditure divided by depreciation and amortisation excluding amortisation of acquired intangibles and depreciation of right-of-use assets.

	Six months ended		Year ended
	30.9.2023	30.9.2022	31.3.2023
	£m	£m	£m
Depreciation and amortisation	**40.6**	32.1	64.6
Less: amortisation of acquired intangibles	**(12.6)**	(5.8)	(13.3)
Less: depreciation of right-of-use assets	**(9.4)**	(8.9)	(18.3)
Adjusted depreciation and amortisation	**18.6**	17.4	33.0
Capital expenditure	**22.2**	17.0	42.4
Ratio of capital expenditure to depreciation	**1.2 times**	1.0 times	1.3 times

INDEPENDENT REVIEW REPORT TO RS GROUP PLC

Report on the condensed Group accounts

Our conclusion

We have reviewed RS Group plc's condensed consolidated interim financial statements (the interim financial statements) in the condensed Group accounts of RS Group plc for the six month period ended 30 September 2023 (the period).

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Group balance sheet as at 30 September 2023;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed Group accounts.

The interim financial statements included in the condensed Group accounts of RS Group plc have been prepared in accordance with the UK-adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook 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 enquiries, 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.

We have read the other information contained in the condensed Group accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions 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 Group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The condensed Group accounts, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the condensed Group accounts in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the condensed Group accounts, including the interim financial statements, 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 Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the condensed Group accounts based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the

Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
6 November 2023