Kingfisher

Half year results for the six months ended 31 July 2024 (unaudited)

Financial summary			**% Total Change**	**% Total Change**	**% LFL* Change**
	2024/25	**2023/24**	**Reported**	**Constant currency***	**Constant currency**
Sales	£6,756m	£6,880m	(1.8)%	(1.4)%	(2.4)%
Gross profit	£2,480m	£2,495m	(0.6)%	(0.2)%	
Gross margin %*	36.7%	36.3%	+40bps	+40bps	
Operating profit	£374m	£367m	+2.0%		
Statutory pre-tax profit (PBT)	£324m	£317m	+2.3%		
Statutory basic EPS	12.8p	12.4p	+3.9%		
Net increase in cash±	£124m	£51m	n/a		
Interim dividend	3.80p	3.80p	-		
Adjusted metrics					
Retail profit*	£420m	£433m	(3.0)%	(2.7)%	
Retail profit margin %*	6.2%	6.3%	(10)bps	(10)bps	
Adjusted pre-tax profit (PBT)*	£334m	£336m	(0.5)%		
Adjusted basic EPS*	13.2p	13.0p	+1.2%		
Free cash flow*	£421m	£346m	+21.5%		
Net debt*[(1)]	£(1,952)m	£(2,181)m	n/a		

** See page 4 for further details on non-GAAP measures and other terms; ± Net increase in cash and cash equivalents and bank overdrafts*

H1 24/25 highlights

- **Overall sales in line with our expectations; market share gains in the UK and Poland**
  - Total sales -1.4% and LFL -2.4%. Q2 LFL -3.8%
  - UK & Ireland (LFL -0.2%) and Poland (LFL -0.2%) both resilient despite weather-impacted seasonal sales; market share gains in all banners
  - France sales (LFL -7.2%) broadly in line with the market, reflecting the soft consumer backdrop throughout the period
  - Resilient core category sales, supported by repairs, maintenance and existing home renovation activity. Recovery in seasonal sales since early July and weak 'big-ticket' sales as expected
- **Solid and focused execution against key objectives**
  - Strong results from our e-commerce marketplace (Group GMV +80.0%) and trade propositions (including TradePoint LFL +7.1%). E-commerce sales penetration now 18.3% (H1 23/24: 16.8%)
  - Rapid progress in Castorama France store restructuring and modernisation plan, with works completed or in motion on 13 low-performing stores. Operating costs down 3.0% in France in H1
- **Strong management of gross margin, costs and inventory**
  - Maintaining competitive price indices and disciplined promotional activity in all markets (with gross margin % +40bps); retail price inflation flat YoY
  - Fully on track to achieve c.£120m of cost reductions for the full year, weighted towards H1
  - Strong management of net inventory, down £134m (4.3%) YoY
- **Adjusted PBT** down 0.5% to £334m, including c.£25m of one-off business rates refunds at B&Q. Statutory PBT up 2.3% to £324m
- **Free cash flow** of £421m, supported by phasing of inventory purchases over the year

Outlook and guidance *(see Section 1 for further details)*

- **Current trading:** Q3 24/25 LFL sales (to date)[(2)] -0.3%
- **FY 24/25 adjusted PBT:** range tightened to c.£510m to £550m[(3)] (previously c.£490m to £550m)
- **FY 24/25 free cash flow:** range upgraded to c.£410m to £460m (previously c.£350m to £410m)
- **Share buybacks:** accelerating pace of current £300m share buyback programme (c.£150m completed to date), now expecting to complete the programme in March 2025
- **Strongly positioned for growth in 2025 and beyond:** more agile, significant structural cost taken out across the Group, and confidence in multiple profitable growth drivers over the medium term

Thierry Garnier, Chief Executive Officer, said:

“Trading overall in the first half was in line with our expectations. This was underpinned by customers continuing to repair, maintain and renovate their existing homes, driving resilient volume trends in our core product categories. As expected, demand for ‘big-ticket’ categories has remained weak, in line with the broader market, while seasonal category sales trends have improved since early July. Against this backdrop we maintained a strong focus on effectively managing our costs and inventory.

“Our UK & Ireland banners continued to gain market share, supported by strong e-commerce sales and our progress in addressing trade customer needs. Screwfix delivered positive LFL sales and TradePoint achieved strong LFL sales growth of 7.1%, now representing 22% of B&Q’s sales. Sales in France were broadly in line with the market, reflecting the soft consumer backdrop. Notwithstanding this, we are making rapid progress with our actions to simplify the French organisation and improve the performance and profitability of Castorama France over the medium term. In Poland, we gained market share and our sales trend was supported by an improved consumer environment.

“I am proud of the unwavering focus of our teams in executing against our strategic priorities, with two key highlights. First, our e-commerce sales penetration improved by 1.5 points to 18.3% and B&Q’s e-commerce marketplace reached a 40% share of its online sales. We have also successfully launched Castorama France’s marketplace, with Poland to follow in H2. And second, in trade, we are extending the successes we have seen in the UK to other markets, with trade sales penetration growing strongly in France, Iberia and Poland.

“Reflecting our performance in the first half and our current view of the trading environments in our markets, we have tightened our profit guidance and upgraded our free cash flow guidance for the year. We remain focused on continuing to manage our costs and cash effectively, and driving further market share gains by delivering on our key strategic priorities.

“With positive early signs of a housing market recovery, notably in the UK, Kingfisher is strongly positioned for growth in 2025 and beyond.”

H1 24/25 results summary

- **Total sales** -1.4% (constant currency) and -1.8% (reported)
- **LFL sales** -2.4% including a +0.6% leap year impact[(4)]
  - Q2 LFL sales -3.8%, including a -0.5% calendar impact[(4)]
  - Q1 LFL sales -0.9%, including +0.8% calendar impact and +1.1% leap year impact
- **Sales by region:**
  - **UK & Ireland*** LFL -0.2%: market share gains at B&Q supported by strong e-commerce and TradePoint sales; market share gains and positive LFL at Screwfix
  - **France*** LFL -7.2%: reflecting the broader market. Castorama and Brico Dépôt performed broadly in line with market
  - **Poland** LFL -0.2%: sales trend supported by improved consumer environment and trade customer initiatives; performance ahead of the market
- **Sales by category:**
  - **Core* (64% of sales):** continued resilience (LFL -1.1%) driven by repair, maintenance and renovation activity on existing homes
  - **‘Big-ticket’* (14% of sales):** weak sales as expected (LFL -6.8%) reflecting trends across the broader market
  - **Seasonal* (22% of sales):** lower sales (LFL -3.1%) given unfavourable weather conditions across much of April to June
- **Retail price inflation** flat year-on-year (YoY); negative **mix** impact on average selling price from lower ‘big-ticket’ sales. Overall **volume** lower YoY, with stable underlying volume trends in core categories between Q1 and Q2
- **Total e-commerce sales*** +8.4%, driven by growth in the UK & Ireland
  - E-commerce sales penetration* of 18.3% (H1 23/24: 16.8%)
  - Continued strong growth of e-commerce marketplace sales at B&Q and Brico Dépôt Iberia*; Group marketplace GMV* +80.0% YoY

- **Gross margin %** +40 basis points to 36.7% (H1 23/24: 36.3%) reflecting effective management of product costs, retail prices and supplier negotiations, and lower clearance costs and stock provisions
- **Retail profit** -2.7% in constant currency to £420m (H1 23/24: £433m), reflecting lower profits in France and higher losses from our joint venture in Turkey; partially offset by higher profits in the UK & Ireland and Poland
- **Statutory PBT** +2.3% to £324m (H1 23/24: £317m), reflecting higher operating profit (including lower adjusting items* YoY)
- **Adjusted PBT** -0.5% to £334m (H1 23/24: £336m), reflecting lower retail profit, largely offset by lower central costs* and share of JV interest and tax
- **Free cash flow** of £421m, up £75m (H1 23/24: £346m), reflecting working capital inflow and lower capital expenditure
- **Net increase in cash** of £124m (H1 23/24: £51m), reflecting higher free cash flow
- **Net debt** down to £1,952m (31 January 2024: £2,116m), including £2,324m of lease liabilities under IFRS 16 (31 January 2024: £2,367m), reflecting the net increase in cash. **Net debt to last twelve months' EBITDA*** of 1.5x (31 January 2024: 1.6x)
- **Interim dividend** per share declared of 3.80p (FY 23/24 interim dividend: 3.80p)

The remainder of this release consists of eight main sections:

1) Financial performance summary and current trading & outlook
2) Trading review by division
3) Update on France performance and profitability plan
4) Strategy update
5) Technical guidance for FY 24/25
6) Financial review (and, in part 2 of this announcement, the condensed financial statements)
7) Glossary
8) Forward-looking statements

Footnotes

(1) Net debt includes £2,324m of lease liabilities under IFRS 16 in H1 24/25 (H1 23/24: £2,398m).
(2) 'Q3 24/25 LFL sales (to date)' represents the period from 28 July to 14 September 2024 compared against the equivalent period in the prior year (i.e., 30 July to 16 September 2023). The figures are provisional and exclude certain non-cash accounting adjustments relating to revenue recognition.
(3) Guidance assumes current exchange rates.
(4) **Leap year impact** reflects the impact of an extra day of trading on Thursday 29 February 2024. The estimated impact of the leap year on Q1 24/25 LFL sales was +1.1%, carrying through to an impact on H1 24/25 LFL sales of +0.6%.
Calendar impact represents the impact of the annual calendar shift on LFL sales growth due to different days of the week falling into or out of the current period compared to the prior period. For example, historically, higher trading is seen on a Friday and Saturday as compared to a Sunday. This includes the impact of national public holidays falling on different days of the week compared to the prior period. The estimated impact of the annual calendar shift on Q1 24/25 LFL sales was +0.8%, and for Q2 24/25 LFL sales was -0.5%, carrying through to an overall impact on H1 24/25 LFL sales of nil.

Non-GAAP measures and other terms

Throughout this release '*' indicates the first instance of a term defined and explained in the Glossary (Section 7). Not all the figures and ratios used are readily available from the unaudited half year results included in part 2 of this announcement. Management believes that these non-GAAP measures (or 'Alternative Performance Measures'), including adjusted profit measures, constant currency and like-for-like (LFL) sales growth, are useful and necessary to assist the understanding of the Group's results. Where required, a reconciliation to statutory amounts is set out in the Financial Review (Section 6).

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Half year results announcement and data tables

This announcement and data tables for H1 24/25 can be downloaded from the Investors section of our website at www.kingfisher.com/investors.

Results presentation and Q&A

A pre-recorded analyst and investor presentation will be broadcast via the Investors section of our website at www.kingfisher.com at 08.30 (UK time), which will be immediately followed by a live virtual Q&A session with management.

For enquiries, please email investorenquiries@kingfisher.com.

Financial calendar

Q3 24/25 trading update	25 November 2024
Full year results	25 March 2025±
Q1 25/26 trading update	28 May 2025±
Half year results	23 September 2025±
Q3 25/26 trading update	25 November 2025±

± *Dates are provisional and may be subject to change*

American Depository Receipts

Kingfisher American Depository Receipts are traded in the US on the OTCQX platform: (OTCQX: KGFHY) www.otcmarkets.com/stock/KGFHY/quote.

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Section 1: Financial performance summary and current trading & outlook

H1 24/25 income statement summary

£m	2024/25	2023/24	% Total Change Reported	% Total Change Constant currency	% LFL Change Constant currency
Sales	**6,756**	**6,880**	(1.8)%	(1.4)%	(2.4)%
Gross profit	**2,480**	**2,495**	(0.6)%	(0.2)%	
Retail profit:					
UK & Ireland	**325**	**306**	+6.1%	+6.2%	
France	**69**	**104**	(33.6)%	(32.0)%	
Poland	50	35	+40.8%	+35.3%	
Iberia	6	3	+80.4%	+84.7%	
Romania	(6)	(10)	+39.4%	+37.5%	
Other±	(18)	(10)	(69.8)%	(73.7)%	
Turkey (50% joint venture)	(6)	5	n/a	n/a	
Other International*	**26**	**23**	+13.9%	+9.0%	
Retail profit	**420**	**433**	(3.0)%	(2.7)%	
Central costs	(29)	(36)	(20.5)%		
Share of JV interest and tax	(7)	(11)	n/a		
Operating profit (before adjusting items)	**384**	**386**	(0.6)%		
Net finance costs	(50)	(50)	(1.4)%		
Adjusted PBT	**334**	**336**	(0.5)%		
Adjusting items	(10)	(19)	n/a		
Statutory PBT	**324**	**317**	+2.3%		

± 'Other' consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements. On 18 July 2024, we completed a divestment of our c.80% equity interest in NeedHelp.

Quarterly LFL sales

	% LFL Change		
	Q1 24/25	Q2 24/25	H1 24/25
UK & Ireland	**+1.2%**	**(1.4)%**	**(0.2)%**
- B&Q	+0.4%	(2.3)%	(1.0)%
- Screwfix	+2.4%	+0.1%	+1.2%
France	**(5.3)%**	**(9.0)%**	**(7.2)%**
- Castorama	(5.5)%	(9.6)%	(7.7)%
- Brico Dépôt	(5.2)%	(8.3)%	(6.8)%
Other International	**+2.0%**	**(1.1)%**	**+0.3%**
- Poland	+0.4%	(0.8)%	(0.2)%
- Iberia	+1.9%	+2.6%	+2.3%
- Romania	+14.7%	(8.0)%	+1.5%
Group LFL	**(0.9)%**	**(3.8)%**	**(2.4)%**
Includes calendar impact(1) of:	*+1.9%*	*(0.5)%*	*+0.6%*
Group LFL excluding calendar impact	**(2.8)%**	**(3.3)%**	**(3.0)%**
Total e-commerce sales(2)	**+12.7%**	**+4.6%**	**+8.4%**

H1 LFL sales by category

	% LFL Change			
	Core	'Big-ticket'	Seasonal	H1 24/25
UK & Ireland	**+1.4%**	**(8.4)%**	**(0.6)%**	**(0.2)%**
- B&Q	+1.4%	(11.6)%	(0.6)%	(1.0)%
- Screwfix	+1.5%	+0.4%	(0.8)%	+1.2%
France	**(6.7)%**	**(8.5)%**	**(7.5)%**	**(7.2)%**
- Castorama	(7.2)%	(9.1)%	(7.7)%	(7.7)%
- Brico Dépôt	(6.3)%	(7.9)%	(7.1)%	(6.8)%
Other International	**+0.8%**	**-**	**(0.7)%**	**+0.3%**
- Poland	+0.1%	(0.6)%	(0.9)%	(0.2)%
- Iberia	+5.1%	+3.5%	(7.0)%	+2.3%
- Romania	+0.2%	(4.9)%	+7.8%	+1.5%
Group LFL	**(1.1)%**	**(6.8)%**	**(3.1)%**	**(2.4)%**
Proportion of sales	*64%*	*14%*	*22%*	

Trading in Q2 24/25

LFL sales were down by 3.8% in Q2, and by 3.3% excluding calendar impacts. This was broadly in line with underlying trading in Q1 (i.e., LFL -2.8%, excluding calendar and leap year impacts). We saw resilience in tools & hardware and building & joinery product sales, supported by robust demand from DIFM* and trade customer channels. Due to unfavourable weather conditions, seasonal sales underperformed in all our key markets (UK & Ireland, France and Poland) in May and June and, despite a strong trend since the start of July, were not able to fully recover lost sales within the quarter. E-commerce sales were up by 4.6% in Q2, driven by the continued strong growth of our e-commerce marketplaces in B&Q and Brico Dépôt Iberia.

In the **UK & Ireland**, core category sales remained positive in Q2, and 'big-ticket' sales followed a similar trend to Q1. Seasonal LFL sales moved from +3.3% in Q1 to -2.8% in Q2. Repair, maintenance and existing home renovation activity continued to provide support to core category sales, with TradePoint the standout performer (LFL +5.8%) of all the UK & Ireland banners in the quarter. Screwfix sales, while positive overall in Q2, were slightly lower compared to their underlying trend in Q1 given strong prior year comparatives (Q2 23/24: LFL +5.6%). B&Q, TradePoint and Screwfix all grew faster than their respective markets in Q2, as measured by the *British Retail Consortium (BRC)*, *Barclays* and *GfK*.

In **France**, against the backdrop of continued softness in consumer sentiment, both Castorama and Brico Dépôt performed broadly in line with the market in Q2 (based on *GfK Nielsen*, *FMB (Fédération des Magasins de Bricolage)*, *Banque de France* and our internal data on French market growth). Our banners' underlying sales trends (i.e., excluding calendar and leap year impacts) were broadly similar from Q1 to Q2 in core and 'big-ticket' categories. Seasonal sales were however significantly impacted in May and June, before turning slightly positive YoY in July.

In **Poland**, despite the impact of weather on seasonal sales in May and June, Castorama's underlying sales trend improved from Q1. The business delivered positive core and 'big-ticket' sales in the quarter and grew faster than the market (as measured by *GfK*). **Iberia** saw a sequential improvement in its Q2 sales trend, driven by core and seasonal categories. **Romania** ended the period with a positive LFL (+1.5%), although its end markets weakened in Q2.

Current trading

Q3 24/25 LFL sales (to date)[3] are down by 0.3%. Trading in the UK & Ireland and France is ahead of the sales trend in Q2, with the benefit of softer comparatives in the same period last year.

Update and progress against market outlook for FY 24/25

At the start of this year, to support our planning for FY 24/25, we assessed various scenarios for the growth of our **total addressable home improvement markets** in the UK & Ireland, France and Poland in 2024, compared to 2023. The "high case" and "low case" scenarios were as noted below, in constant currency and including expected market space growth:

	Our expectation of total addressable home improvement market % change in 2024 (YoY)	
	Low case	*High case*
UK & Ireland	Low-single digit decline	Flat
France	Mid-single digit decline	Low-single digit decline
Poland	Flat	Low-single digit growth

In the **UK & Ireland**, our outlook for the home improvement market in 2024 was a low-single digit % decline to flat YoY. So far this year, we have observed a relatively resilient consumer, with repairs, maintenance and existing home renovation continuing to be supportive. While we are starting to see encouraging housing market indicators, we remain mindful of a nine to 12-month lag, on average, between housing demand and the realisation of home improvement spend. Overall, we believe the UK & Ireland home improvement market in 2024 is **currently tracking within the higher end** of our scenarios.

In **France**, our outlook for the home improvement market in 2024 was a mid-single digit % to low-single digit % decline YoY. Throughout H1, we saw continued subdued consumer confidence and a weak housing market, supporting our view that the market is **currently tracking at the low end** of our scenarios.

In **Poland**, our outlook for the home improvement market in 2024 was flat to low-single digit % growth YoY. While inflation is down significantly compared to its peak in 2023, and consumer confidence is gradually improving, we remain mindful of the continued uncertainties facing households (including energy bills and mortgage rates). Overall, we believe the Polish home improvement market in 2024 is **currently tracking within the higher end** of our scenarios.

Guidance for FY 24/25

Against the backdrop described above, our focus remains on growing ahead of our markets by leveraging our key strategic priorities. We continue to be strongly focused on effectively managing our product costs and retail prices, as well demonstrated in H1.

In line with our guidance, we are fully on track to achieve c.£120m of additional cost reductions and productivity gains this year (weighted towards H1), to partially offset higher pay rates and technology investments (the latter weighted towards H2).

Based on our performance in H1 and our current view of the trading environments in our markets, we now expect **FY 24/25 adjusted PBT** of c.£510m to £550m (previously c.£490m to £550m). The adjustment to the lower end of the range primarily reflects the benefit of c.£25m of business rates refunds at B&Q in H1. We have maintained the upper end at £550m, due to the performance of our 50% joint venture in Turkey, Koçtaş, which we expect will contribute an overall net loss of c.£25m for the year to adjusted PBT (FY 23/24: £1m net loss). Please refer to the trading review by division in Section 2 for further details on Koçtaş' performance in H1, and the actions being taken by the business.

We have also upgraded our **FY 24/25 free cash flow** guidance range to c.£410m to £460m (previously c.£350m to £410m). This primarily reflects the change in our adjusted PBT guidance, our progress in reducing net inventory, lower cash taxes and slightly lower capital expenditure. Please also refer to our technical guidance for FY 24/25 in Section 5.

The Group's medium-term financial priorities and capital allocation priorities are unchanged. Please refer to Section 4 for further details.

Footnotes

(1) **Leap year impact** reflects the impact of an extra day of trading on Thursday 29 February 2024. The estimated impact of the leap year on Q1 24/25 LFL sales was +1.1%, carrying through to an impact on H1 24/25 LFL sales of +0.6%.
Calendar impact represents the impact of the annual calendar shift on LFL sales growth due to different days of the week falling into or out of the current period compared to the prior period. For example, historically, higher trading is seen on a Friday and Saturday as compared to a Sunday. This includes the impact of national public holidays falling on different days of the week compared to the prior period. The estimated impact of the annual calendar shift on Q1 24/25 LFL sales was +0.8%, and for Q2 24/25 LFL sales was -0.5%, carrying through to an overall impact on H1 24/25 LFL sales of nil.
(2) **Total e-commerce sales** are first-party e-commerce sales plus marketplace gross sales. References to digital or e-commerce sales growth relates to growth in constant currency and covers the total Group.
(3) **Q3 24/25 LFL sales (to date)** represents the period from 28 July to 14 September 2024 compared against the equivalent period in the prior year (i.e., 30 July to 16 September 2023). The figures are provisional and exclude certain non-cash accounting adjustments relating to revenue recognition.

Section 2: Trading review by division

Note: all commentary below is in constant currency.

UK & IRELAND

£m	H1 2024/25	H1 2023/24	% Reported Change	% Constant Currency Change	% LFL Change
B&Q	2,075	2,101	(1.2)%	(1.2)%	(1.0)%
Screwfix	1,301	1,245	+4.5%	+4.5%	+1.2%
Total sales	**3,376**	**3,346**	**+0.9%**	**+1.0%**	**(0.2)%**

Retail profit	**325**	**306**	**+6.1%**	**+6.2%**
Retail profit margin %	**9.6%**	**9.2%**	**+40bps**	**+40bps**

UK & Ireland sales increased by 1.0% (LFL -0.2%) to £3,376m, supported by strong e-commerce performance and our progress in addressing trade customer needs. **Core** categories (68% of sales) achieved positive LFL sales growth, up 1.4%, with resilient underlying volume trends driven by repairs, maintenance and existing home renovation activity. Sales of **seasonal** categories (slightly down YoY) were impacted by unfavourable weather patterns from April to June, before recovering in July. As expected, sales in **'big-ticket'** categories (i.e., kitchen and bathroom & storage) remained weak. Overall, B&Q, TradePoint and Screwfix all grew faster than their respective markets in H1 (as measured by *BRC*, *Barclays* and *GfK*). Gross margin % increased by 50 basis points, reflecting effective management of product costs, retail prices and supplier negotiations, and a favourable sales mix within Screwfix.

Retail profit increased by 6.2% to £325m (H1 23/24: £306m, at reported rates), reflecting higher gross profit, partially offset by slightly higher operating costs* (up 1.0%, net of c.£25m of one-off business rates refunds at B&Q related to prior years). Excluding business rates refunds at B&Q, operating cost increases were driven by YoY increases in staff costs and higher costs associated with 54 net new store openings (YoY). Cost increases were partially offset by structural savings achieved by our cost reduction programme. Retail profit margin % increased by 40 basis points to 9.6% (H1 23/24: 9.2%).

B&Q total sales decreased by 1.2% (LFL -1.0%) to £2,075m, with positive LFL sales growth in core categories and resilient seasonal sales more than offset by weakness in 'big-ticket'. Underlying sales trends (i.e., excluding calendar and leap year impacts) in core and 'big-ticket' categories were consistent across Q1 and Q2, while sales of seasonal categories slowed (Q2 -2.4% vs Q1 +2.7%). Within our core and seasonal categories, we achieved positive LFL sales growth in building & joinery, tools & hardware, surfaces & décor and outdoor, partially offset by weather-related weakness in EPHC (electricals, plumbing, heating & cooling). B&Q's total e-commerce sales increased by 18.3% YoY, driven by the continued strong performance of B&Q's marketplace which reached an online sales penetration of 41% in Q2 (i.e., B&Q's marketplace gross sales* divided by B&Q's total ecommerce sales). B&Q's e-commerce sales penetration moved up to 14% (H1 23/24: 12%; H1 19/20: 5%). The business closed one big-box and one medium-box (small retail park) store in H1 following the expiry of their respective leases. As of 31 July, B&Q had a total of 309 stores in the UK & Ireland.

B&Q's trade-focused banner, **TradePoint**, delivered a strong performance driven by demand in the DIFM and trade customer segment. LFL sales for TradePoint were up 7.1%, with penetration of B&Q sales up by two percentage points to 22% (H1 23/24: 20%). This was supported by strong performances in its surfaces & décor and building & joinery categories. Sales of 'big-ticket' categories to trade customers were resilient, particularly in bathroom & storage, outperforming the rest of B&Q. TradePoint's loyalty programme continues to resonate with tradespeople, with new sign ups increasing by 22% YoY, and the business remains focused on strengthening relationships with its customers through further investment in dedicated sales partners, now present in 44 stores and driving a clear uplift in sales. TradePoint is present in 208 stores within the B&Q network (67% of stores).

Screwfix total sales increased by 4.5% (LFL +1.2%) to £1,301m, reflecting robust demand from trade customers. In particular, the business achieved good LFL sales growth in its tools & hardware, building &

joinery and outdoor categories. In Q2, Screwfix delivered a resilient performance against tougher prior year comparatives (LFL +0.1% vs Q2 23/24 +5.6%), driven by positive LFL sales of core categories. Screwfix's e-commerce sales increased by 4.5% YoY, with e-commerce sales penetration of 59% (H1 23/24: 58%; H1 19/20: 32%). This was supported by several app-exclusive campaigns in the period, and the extension of its Screwfix *Sprint* proposition to an additional 100 stores (i.e., one-hour home delivery now available in over 430 stores, covering c.53% of UK postcodes). Overall, the business gained significant market share in H1.

Space growth and acquisitions contributed c.3% to total Screwfix sales. Screwfix opened 16 new stores – 15 in the UK (including two 'Screwfix City' ultra-compact format stores) and one in Ireland – bringing its total to 938 as of 31 July. The business continues to plan for up to 40 new stores in the UK & Ireland in FY 24/25, and remains on track to reach its medium-term goal of over 1,000 stores. Screwfix Spares continues to perform in line with expectations, and contributed c.1.0% to total Screwfix sales growth.

Further progressing its international expansion plans, Screwfix opened five stores in France in H1, with 25 stores in total as of 31 July. The results for **Screwfix International** are captured in *'Other International'* – see below for further information.

FRANCE

£m	H1 2024/25	H1 2023/24	% Reported Change	% Constant Currency Change	% LFL Change
Castorama	1,094	1,213	(9.8)%	(7.7)%	(7.7)%
Brico Dépôt	1,005	1,098	(8.5)%	(6.3)%	(6.8)%
Total sales	**2,099**	**2,311**	**(9.2)%**	**(7.0)%**	**(7.2)%**

Retail profit	**69**	**104**	**(33.6)%**	**(32.0)%**
Retail profit margin %	**3.3%**	**4.5%**	**(120)bps**	**(120)bps**

France sales decreased by 7.0% (LFL -7.2%) to £2,099m, as the home improvement market continued to be impacted by a soft consumer environment. Underlying sales trends in **core** and **'big-ticket'** categories were broadly consistent from Q1 to Q2, with YoY volume trends improving compared to H2 23/24. Adverse weather conditions impacted the performance of **seasonal** categories from April to June and, although improving in July (slightly positive YoY), lost seasonal sales were not fully recovered. Based on external panel data and Kingfisher analysis, Castorama and Brico Dépôt both performed broadly in line with the market. Gross margin % increased by 20 basis points, reflecting effective supplier negotiations and lower stock provisions, partially offset by customer participation in promotional and clearance activity and selective price investments at Brico Dépôt.

Retail profit decreased by 32.0% to £69m (H1 23/24: £104m, at reported rates), with lower gross profit somewhat offset by lower operating costs. Operating costs decreased by 3.0%, building on the strengthened actions initiated in H2 23/24 around staff costs and discretionary spend in response to the weaker trading environment. Both banners also continued to deliver structural savings from their longer term cost reduction programme. The savings were partially offset by cost inflation, including YoY increases in staff costs. Retail profit margin % decreased by 120 basis points to 3.3% (H1 23/24: 4.5%, at reported rates), in line with the margin % achieved in FY 23/24.

Castorama total sales decreased by 7.7% (LFL -7.7%) to £1,094m. While the home improvement market weakness in France was reflected across all categories, LFL sales performance in the tools & hardware, building & joinery and outdoor categories was better than the overall Castorama average. Sales trends slowed in Q2 largely due to the impact of weather on seasonal category sales (Q2 -11.4% vs Q1 -2.1%), with stable underlying sales trends in core and 'big-ticket' categories. Castorama's total e-commerce sales increased by 9.8% YoY, with e-commerce sales penetration increasing to 7% (H1 23/24: 6%; H1 19/20: 2%), benefiting from expanded data and AI capabilities, and positive early results from Castorama's marketplace. As of 31 July, Castorama had a total of 95 stores in France.

Brico Dépôt total sales decreased by 6.3% (LFL -6.8%) to £1,005m, with sales trends slightly better than Castorama. Performance in its tools & hardware, building & joinery, EPHC and bathroom & storage categories was better than the overall Brico Dépôt average. LFL sales trends slowed in Q2, again due to the impact of weather on seasonal category sales (Q2 -12.3% vs Q1 -0.3%), while the underlying sales trends in core and ‘big-ticket’ categories was slightly improved. E-commerce sales decreased by 9.0%, against strong prior year comparatives (H1 23/24 e-commerce sales +20.2%). E-commerce sales penetration was maintained at 5% (H1 23/24: 5%; H1 19/20: 2%). The business continued to develop its trade customer proposition, with service desks, dedicated colleagues and a new loyalty programme rolled out to all stores in February, following successful trials. Brico Dépôt opened one compact store format in H1, with a total of 126 stores in France as of 31 July.

OTHER INTERNATIONAL

	H1 2024/25	H1 2023/24	% Reported Change	% Constant Currency Change	% LFL Change
Sales (£m)					
Poland	941	880	+6.9%	+2.8%	(0.2)%
Iberia	200	200	(0.1)%	+2.3%	+2.3%
Romania	132	137	(3.6)%	(0.6)%	+1.5%
Other±	8	6	n/a	n/a	n/a
Other International	**1,281**	**1,223**	**+4.8%**	**+2.6%**	**+0.3%**
Retail profit (£m)					
Poland	50	35	+40.8%	+35.3%	
Iberia	6	3	+80.4%	+84.7%	
Romania	(6)	(10)	+39.4%	+37.5%	
Other±	(18)	(10)	(69.8)%	(73.7)%	
Turkey (50% JV)	(6)	5	n/a	n/a	
Other International	**26**	**23**	**+13.9%**	**+9.0%**	
Retail profit margin %					
Poland	5.3%	4.0%	+130bps	+130bps	
Other International	**2.0%**	**1.8%**	**+20bps**	**+10bps**	

± ‘Other’ consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements. On 18 July 2024, we completed a divestment of our c.80% equity interest in NeedHelp.

Other International total sales increased by 2.6% (LFL +0.3%) to £1,281m, driven by growth in Poland and Iberia. Retail profit increased by 9.0% to £26m (H1 23/24: £23m, at reported rates). This reflected higher retail profits in Poland and Iberia, together with reduced losses in Romania, offset by losses in Turkey and higher ‘Other’ retail losses. Retail profit margin % increased by 10 basis points to 2.0% (H1 23/24: 1.8%, at reported rates).

Poland total sales increased by 2.8% (LFL -0.2%) to £941m, supported by an improved consumer environment and good progress in the development of its initiatives to support trade customers. Positive LFL sales growth in core categories was driven by a good performance from its building & joinery and tools & hardware categories. Sales trends in core and ‘big-ticket’ categories improved sequentially and were positive in Q2, but seasonal category sales were adversely impacted by weather (Q2 -5.4% vs Q1 +5.5%). On a YoY basis, Castorama outperformed the broader market (as measured by *GfK*). Castorama’s e-commerce sales increased by 2.5% YoY, as performance recovered following the implementation of its new digital technology stack in the prior year. E-commerce sales penetration was 4% (H1 23/24: 4%; H1 19/20: 2%). The business continues to focus on expanding its trade customer proposition through further rollout of *‘CastoPro’* zones within its stores, specialised sales partners and the development of a dedicated mobile app for tradespeople.

Space growth contributed c.3% to total Poland sales. Castorama opened four stores in H1 (three big-boxes and one compact ‘Castorama Smart’ store), bringing its total to 106 stores in Poland as of 31 July.

Gross margin % increased by 140 basis points, reflecting effective management of product costs, retail prices and supplier negotiations, and a lower stock provision movement. Retail profit increased by 35.3%

to £50m (H1 23/24: £35m, at reported rates), with a higher gross profit partially offset by an increase in operating costs. Operating costs increased by 3.3%, reflecting YoY increases in pay rates, higher bonus accruals, and higher costs associated with eight new store openings (YoY). Cost increases were largely offset by a continuation of the actions taken in H2 23/24 to reduce costs (including further flexing of staff levels and discretionary spend), together with structural savings achieved by our cost reduction programme. The operating costs movement also reflects a favourable YoY impact from charges related to ineffective foreign exchange hedges in the prior year. Retail profit margin % increased by 130 basis points to 5.3% (H1 23/24: 4.0%, at reported rates).

Iberia total sales increased by 2.3% (LFL +2.3%) to £200m, with positive LFL sales in core and 'big-ticket' categories. While sales trends in seasonal categories lapped strong prior year comparatives in Q1, a sequential improvement was seen in Q2. The business saw encouraging results from the continued development of its trade proposition, as reflected by strong YoY growth in its building & joinery category. Brico Dépôt also continued to scale its e-commerce marketplace, now with c.200k SKUs* and c.200 third-party (3P) merchants, reaching 22% of its online sales in H1. Retail profit increased to £6m (H1 23/24: £3m, at reported rates), reflecting higher gross profit partially offset by higher operating costs (up 2.6% YoY).

Romania total sales decreased by 0.6% to £132m (LFL +1.5%), reflecting a resilient overall performance. Sales trends slowed across all categories in Q2 (LFL -8.0% vs Q1 +14.7%), driven by abnormally hot weather across the quarter and a weaker consumer environment. For H1 overall, the business achieved positive LFL sales growth in its outdoor, building & joinery, tools & hardware and EPHC categories. Romania's retail loss decreased to £6m (H1 23/24: £10m reported retail loss), reflecting slightly higher gross profit and lower operating costs. Operating costs decreased by 7.3%.

In **Turkey**, Kingfisher's 50% joint venture, Koçtaş, contributed a retail loss of £6m (H1 23/24: £5m retail profit, at reported rates) in a very challenging macroeconomic and trading environment. The YoY movement largely reflects sales challenges in addition to higher operating costs related to staff pay rates and costs of credit collection, and the negative impact of accounting under high inflation.

Including our share of Koçtaş' interest and tax (H1 24/25: £7m loss vs H1 23/24: £11m loss), the overall contribution of Koçtaş to Group adjusted PBT was a net loss of £13m (H1 23/24: £6m net loss). As a result of the significant ongoing challenges associated with trading in Turkey, Koçtaş has initiated a comprehensive restructuring programme, including a large reduction in headcount, store closures and rightsizings. For the full year, we expect Koçtaş to contribute an overall net loss of c.£25m to Group adjusted PBT (FY 23/24: £1m net loss). As of 30 June 2024, the business had a total store count of 369.

'Other' consists of the consolidated results of **Screwfix International**, **NeedHelp**, and **franchise and wholesale** agreements. In line with our expectations, a combined retail loss of £18m (H1 23/24: £10m reported retail loss) was recorded, largely driven by Screwfix France as the business invested in the opening of new stores. **Screwfix** had a total of 25 stores in operation in France as of 31 July, having opened five new stores in H1. The business continues to see encouraging sales trends against the backdrop of market weakness in France, and remains focused on strengthening its brand awareness in the north of France (up 8 percentage points YoY in H1) and extending its customer proposition to attract and retain trade customers. Screwfix plans to open 10 stores in total in FY 24/25 (previously: up to 15 stores). On 18 July, we completed a divestment of our c.80% equity interest in **NeedHelp**. Please refer to *'Accelerate e-commerce through speed and choice'* in Section 4 for further details. Finally, we are focused on growing our **franchise and wholesale** business in new markets. We currently have six wholesale partners across 10 countries in Europe, Africa and the Middle East, whereby certain own exclusive brands* (OEB) products are supplied to retailers.

RETAIL BANNER EMPLOYEES, STORE NUMBERS AND SALES AREA

	Employees (FTE) at 31 July 2024	Store numbers at 31 July 2024	Sales area[1] (000s m^2) at 31 July 2024
B&Q	15,058	309	2,195
Screwfix	9,898	938	57
UK & Ireland	**24,956**	**1,247**	**2,252**
Castorama	10,132	95	1,150
Brico Dépôt	8,038	126	880
France	**18,170**	**221**	**2,030**
Poland	12,076	106	881
Iberia	1,871	31	195
Romania	2,261	32	227
Other[2]	270	25	1
Other International	**16,478**	**194**	**1,304**
Total	**59,604**	**1,662**	**5,586**

[1] Screwfix sales area relates to the front of counter area of an outlet.
[2] 'Other' consists of Screwfix International, NeedHelp, and franchising and wholesaling. On 18 July 2024, we completed a divestment of our c.80% equity interest in NeedHelp.

Section 3: Update on France performance and profitability plan

In March we announced a new plan for Castorama and Brico Dépôt, designed to drive the next level in our performance and profitability in France. The plan has three focus areas:

- **Simplifying the France organisation**,
- **A clear and actionable plan for Castorama**, and
- **Building on the exciting potential of Brico Dépôt**

These actions support a **medium-term retail profit margin target for France of c.5% to 7%**. Key progress made in H1 is highlighted below:

Simplifying the France organisation
- The structural simplification of the French organisation is complete
- The 'France'-level management structure was dissolved in April, allowing our banners more autonomy and speed to make operational decisions and allowing for more streamlined head office operations. No exceptional costs were incurred as part of this dissolution
- France-level joint operational responsibilities (including human resources, finance and supply chain) has been transferred to the two banners, with a limited number of cross-banner functions maintained for the purpose of efficiency (e.g., retail media)
- **Pascal Gil** started his new role as CEO of Castorama France in April. **Laurent Vittoz** (CEO of Brico Dépôt France) has joined Kingfisher's Group Executive team, with Alain Rabec (CEO of France) due to retire at the end of this month. On 1 September, **Nils Swolkien** joined Kingfisher to replace Pascal as CEO of Castorama Poland, also joining the Kingfisher Group Executive team. Nils brings extensive retail experience, having most recently served as CEO of Decathlon Poland

A clear and actionable plan for Castorama France
- **Restructuring and modernising the store network** – Castorama is making rapid progress in the restructuring and modernisation of its lowest performing stores. As planned, the business has completed two **rightsizings** in H1, with a further store due to complete in H2. In addition, Castorama has accelerated its schedule and will commence works on one further rightsizing in H2. All rightsized stores will, at the same time, benefit from a **comprehensive store refit**, along with one additional low-performing store. The refits will be similar to the concept successfully applied at the Castorama Englos store last year. Five more low-performing stores have also benefited from a lighter refresh, four of which were completed in H1. The **transfer to Brico Dépôt** of one low-performing Castorama store is in motion, with the store due to close in October and re-open in Q1 25/26 under the Brico Dépôt banner. And we are making good progress towards our goal to start tests for two **franchise** stores within the next nine months
- **Improving operating margin efficiency** – Castorama continues to make strong progress in structurally lowering its cost base across multiple areas. Key highlights in H1 included further optimising its store colleague operating model in line with seasonal demand, further reducing energy usage, strengthening measures to reduce shrinkage, and negotiating more favourable service contracts with providers of waste management and call centre services. The business is also focused on greater operating margin efficiency by leveraging AI and data-driven solutions, as well as scaling higher margin initiatives such as e-commerce marketplace and retail media. Following successful results at B&Q, Castorama will start to leverage Kingfisher's AI-driven markdown, clearance and promotional effectiveness solutions in H2. Castorama continues to enable advertising for product display and sponsored search, with the business now marketing its retail media to its entire supplier base
- **Growing sales densities** – Castorama launched its e-commerce marketplace in March, and has seen positive early results. Its immediate focus is on scaling up the number of 3P SKUs available for sale. Please refer to '*Accelerate e-commerce through speed and choice*' in Section 4 for further information. To support its aim of growing trade customer penetration, in H1 Castorama launched tests of dedicated customer service experts and a new trade loyalty programme in eight stores, two of which include dedicated trade desks. The business has also started to pilot new energy efficiency 'project zones' in store, supported by dedicated colleagues, to help customers purchase energy-saving products in line with green government subsidies

Building on the exciting potential of Brico Dépôt

- **Driving LFL sales** – Brico Dépôt continued to strengthen its price leadership in H1 through selective investment in key lines. The business has broadened its product ranges by releasing more OEBs at lower price points, such as the new entry-level *Pragma* kitchen range which has been very well received by customers
- **Capturing the trade opportunity** – following successful tests in 24 stores, Brico Dépôt rolled out dedicated trade desks, customer service experts and a new trade loyalty programme to its entire store network in H1. The initiative is yielding positive early results, including higher frequency of trade customer visits and average basket values
- **Testing and optimising the 1,000 sqm compact store format –** the business opened one further compact store in H1, with three such formats now in operation. As a reminder, the concept allows customers to access the entire core Brico Dépôt range (c.11k SKUs) in an area of under 1,000 sqm, with a separate space to allow larger and bulk purchases to be collected. The format is seeing encouraging early results, and the focus in H2 is on improving store marketing, colleague training and further optimising store operations
- **Further improving costs and productivity** – similar to Castorama (as noted above), Brico Dépôt is implementing multiple actions to structurally lower its cost base. In H1 the business also expanded its use of technology to drive greater productivity, including electronic price labels (to allow price changes to be implemented more dynamically) and self-checkout terminals. Brico Dépôt has also reduced its distribution centre space, resulting in lower logistics costs

Section 4: Strategy update

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

Put simply, our strategic plan – **'Powered by Kingfisher'** – aims to maximise the benefits of combining our **distinct retail banners** (which serve a range of different customer needs) with the **scale, strength and expertise of Kingfisher**. We are continuing to invest for growth in multiple areas of the business, underscoring our confidence in the medium to longer-term outlook for home improvement growth in our markets. The following section covers the progress made in H1 against our strategic plan.

a) Grow by building on our different banners

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

B&Q

- We believe there are approximately 50 catchments or geographic 'white spaces' in the UK where B&Q is currently under-represented
- Following various tests and adaptations over the last three years, B&Q has now fully validated its retail park format. After being initially tested as a 'small retail park' compact store format, the validated format is between 2,000-4,000 sqm, enabling more area in store to be dedicated to inspiration (for example, for kitchen, bathroom & storage), garden centres and addressing the needs of trade customers. B&Q currently has 13 retail park stores, and plans to open one more in H2 and up to four further stores in FY 25/26
- We also currently have 11 'B&Q Local' stores in UK high streets, including our first 'B&Q Local' outside of London which opened in August. Work is being undertaken to optimise the format, including marketing support to drive customer awareness and adding additional services requested by customers such as 'big-ticket' project design via a remote access hub

TradePoint

- B&Q's trade-focused banner, TradePoint, has 208 trade counters (i.e., within 67% of B&Q's stores)
- In H1 the business updated 13 of its older trade counters by converting storage rooms to customer-accessible areas, allowing customers to see more products
- TradePoint continued to test solutions to increase TradePoint's penetration into smaller stores; for example by installing TradePoint signage at payment tills and creating smaller dedicated TradePoint areas with trade ranges. Please refer to *'Develop our trade business'* below for further details

Screwfix – UK & Ireland

- Opened 16 stores in H1, including 15 in the UK and one in the Republic of Ireland, further strengthening Screwfix's position as the UK's number one light trade retailer, and bringing the total number of stores in both countries to 938 as of 31 July
- On track to open 40 new stores in the UK & Ireland in FY 24/25, with a medium-term goal of over 1,000 stores
- This includes its ultra-compact format 'Screwfix City' stores, with nine such stores currently in operation. The business aims to open up to 100 of these formats over the next few years. Please refer to *'Roll out compact store formats'* below for further details

Screwfix – International

- In H1 Screwfix opened five stores in France, bringing its total to 25 stores in operation as of 31 July. We remain pleased with the customer reaction to Screwfix in France, with the business recording strong store net promoter scores (on par with Screwfix UK stores) and high double-digit % weekly customer growth in H1
- Planning to open five more stores in H2 with our primary focus being to continue growing brand awareness and store traffic. Assuming the success of the format is confirmed, we see the potential for more than 600 stores in France over the longer term

- Continuing to refine our Screwfix.eu proposition, Screwfix's pure-play online retail operations in six European countries (Poland, Spain, Belgium, the Netherlands, Sweden and Austria). Over the longer term, we intend to serve up to 20 European countries via this approach

Brico Dépôt France
- Opened one compact store in H1 – an innovative 1,000 sqm format allowing customers access to the entire core range in a smaller area. Three such formats now in operation with positive customer reactions to date

Castorama Poland
- Opened four stores in H1 (three big-box and one compact 'Castorama Smart' store) with positive early trading. Planning to open one further store in H2, and remain on track to open up to 75 stores over the next five years

b) Accelerate e-commerce through speed and choice

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

H1 performance highlights
- Total e-commerce sales, which include gross sales from third-party (3P) e-commerce marketplace transactions, as well as first-party (1P) e-commerce sales*, reached over £1.2bn in H1, an increase of 8.4% YoY (in constant currency). Driven by strong marketplace sales growth at B&Q and Brico Dépôt Iberia, and higher 1P e-commerce sales at Screwfix
- Overall e-commerce sales penetration was 18.3% (H1 23/24: 16.8%)
- Overall marketplace GMV of £163m, up 80.0% YoY
- Click & collect (C&C) sales up 4% YoY, accounting for 64% of total e-commerce sales (H1 23/24: 67%) and 87% of 1P e-commerce orders (H1 23/24: 87%)
- Home delivery sales up 17% YoY, reflecting the continued development of our e-commerce marketplace and same-day delivery propositions
- 93% of the Group's 1P e-commerce orders were picked in-store (H1 23/24: 92%); excluding Screwfix: 87% (H1 23/24: 89%)
- In H1, app sales grew +58% YoY, accounting for 17% of total e-commerce sales (H1 23/24: 13%). Screwfix app sales participation increased to 41% (i.e., Screwfix's app sales divided by Screwfix's total e-commerce sales; H1 23/24: 25%) following a successful app marketing campaign in February
- B&Q marketplace GMV of £157m (includes VAT and returned and cancelled orders). B&Q marketplace gross sales of £123m, representing marketplace participation* of 40% in H1 (i.e., B&Q's marketplace gross sales divided by B&Q's total e-commerce sales)
- Marketplace participation of 22% at Brico Dépôt Iberia; successfully launched the Castorama France marketplace in Q1 and on track to launch Castorama Poland's marketplace in H2

Leveraging our store estate to offer customers speed and convenience
- **Store-based fulfilment** – in H1 we continued to roll out our new order management system at B&Q, enabling multi-site sourcing of customer orders. The new system is driving significant improvements in product availability as well as lower delivery lead-times. B&Q also updated its store systems to deliver near real-time product availability for customers, thereby reducing online order cancellation rates
- **Home delivery** – Screwfix continued to extend its *Sprint* service in the UK, which offers delivery direct to home or site within one hour. In H1 *Sprint* was added to 100 additional stores, taking its coverage to over 430 Screwfix stores nationwide and covering around c.53% of UK postcodes. In addition, Screwfix is trialling a home delivery service with *Deliveroo* from 32 stores in the UK, with an initial offer of 500 products. In August, B&Q also announced a partnership with *Deliveroo* to offer delivery of over 600 products to customers in London, picked from 'B&Q Local' stores. Brico Dépôt Iberia and Romania plan to increase convenience for customers by preparing new home delivery options in H2, including 'Pick-Up, Drop-Off' services (allowing customers to pick up or return items at local

convenience stores and retailers), same-day locker delivery, and fulfilment direct from distribution centre for bulky items

- **Online customer journey** – in H1 we strengthened B&Q's website search and browse capabilities, delivering an improvement of up to 50% across a number of speed and performance measures. Roll-out to Castorama France and Castorama Poland is planned for later this year

Offering our customers more choice on what they shop and how they shop

- **Mobile apps** – app customers generally shop at a higher frequency and have higher conversion rates than web customers, and marketing for app customers is more easily tailored. In H1, B&Q and Screwfix both increased their use of *Braze*, an external customer relationship management platform. *Braze* is enabling more efficient marketing with c.30m personalised offers being sent per month, driving growth in app users, which now stands at over 3m active app customers across both banners
- **Marketplace** – at **B&Q**, our marketplace continues to significantly boost e-commerce growth, standing at 40% of its online sales in H1, supported by c.1,300 carefully selected 3P merchants and c.1.5m SKUs available on *diy.com*. **Brico Depot Iberia**'s marketplace is also growing rapidly, representing 22% of its online sales in H1 with c.200 3P merchants and c.200k SKUs. **Castorama France** launched it marketplace in Q1, which now features c.170 merchants, and aims to reach c.450k SKUs and over 10% of its online sales from marketplace by the end of the year. **Castorama Poland** is on track to launch its marketplace in H2
- Marketplace strengthens our 1P business with a highly complementary 3P SKU offering. Products such as bed frames, mattresses and bedroom furniture were among our top-selling marketplace products in H1. At B&Q, c.50% of people who purchased a marketplace product in H1 were new customers who had never shopped with the business before. We also saw that c.20% of customers who purchased a 3P marketplace product for the first time subsequently purchased a 1P product on *diy.com* within the next six months. We expect this 'transference rate' to continue growing
- The Group's priorities for H2 are to enable B&Q's marketplace to on-board sellers from outside the UK, to scale up our retail media proposition for marketplace sellers, to offer fulfilment services (such as use of distribution centres) to smaller marketplace vendors, and to enable merchants to sell across all our marketplaces

NeedHelp update

- In 2020, Kingfisher acquired approximately 80% of the equity of NeedHelp. Through its online marketplace, NeedHelp provides installation services to customers of home improvement retailers, including Castorama France, Brico Dépôt France and B&Q
- In July, we sold our equity interest in NeedHelp back to the original founder (and its current CEO) for nil proceeds, resulting in a loss on disposal of £3m
- Following this divestment, NeedHelp's services will continue to be offered to our customers in Castorama France, Brico Dépôt France and at B&Q

c) Build a data-led customer experience

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

Progress in H1 against our data strategy key pillars of **top-line growth**, **strengthening margin**, **streamlining operations** and **new income streams** are highlighted below.

Top-line growth

- Our AI-powered product recommendation and personalisation engines offer enhanced customer experience through multiple solutions such as 'frequently bought together' carousels and 'substitute products'. This suite of solutions is now in all key markets, with roll-out to all banners targeted by year-end. In H1, our recommendation engines delivered c.£55m in sales. B&Q now generates c.10% of its online sales from product recommendations. Our recommendation engines have driven an increase of over 100% in web sales compared to our legacy third-party solutions. Results in-app have also been strong, generating twice the conversion of web recommendations

- During H1, Castorama France expanded the capabilities of *Hello Casto,* an in-house developed AI home improvement virtual assistant, to cover questions on all product categories. We are now seeing c.100k conversations on *Hello Casto* per month, contributing up to 10% of Castorama's online sales
- Kingfisher has developed innovative visual search technology to help customers find the right products to complete their job. The solution involves a customer or colleague taking a photograph of a product or component, and the technology scans the entire product catalogue to quickly identify it. Screwfix is testing this in 11 stores with the ambition of integrating the technology into its app, making it easier for customers to identify replacement parts. Tests are also planned at B&Q, Castorama France and Castorama Poland

Strengthening margin

- Kingfisher has developed AI-driven tools to optimise promotions, markdowns and clearance processes in-store and online. The solutions were deployed at B&Q last year, which has seen significant improvements to its clearance product margins. Since launch, over 300 promotional events have been planned or delivered using this solution, resulting in improved sales, gross margin % and sell-through of stock. The solutions will start to be implemented in Castorama France in H2

Streamlining operations

- Our in-house developed end-to-end supply chain visibility tool (SVT) is now implemented in all banners across the Group. Please refer to *'Human, agile and lean'* below for further details
- Kingfisher has also developed a stock forecasting algorithm, powered by AI, for use initially at our French banners. Early results are encouraging, showing a significant improvement in forecast accuracy at Brico Dépôt France, resulting in improved product availability

New income streams: Retail Media

- Our retail media capabilities are rapidly expanding, with over 70 1P vendors currently engaging in over 1,500 live campaigns using sponsored product ads at B&Q, Castorama France and Brico Dépôt France
- We are also starting to extend our retail media capabilities to 3P marketplace sellers, which we believe will be a significant opportunity. In May, B&Q extended retail media capabilities to a group of 30 marketplace sellers, running 200 sponsored products campaigns with an average Return on Ad Spend (ROAS) of over 600%, far exceeding industry averages
- In H2, we aim to further improve our website infrastructure to enable the launch of more ad placements. Testing of retail media has begun in Screwfix, and launches at Castorama Poland and Brico Dépôt Iberia have been planned for H2
- We are in the early stages of building a paid-for solution for vendors which provides them access to a set of KPIs (e.g., time spent on a product pages) to help them optimise their advertising campaigns with valuable performance insights

d) Differentiate and win through own exclusive brands (OEB)

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

H1 performance highlights

- Total OEB sales of £2.9bn, representing 44.2% of Group sales (H1 23/24: 45.6%)
- LFL sales of our OEB ranges were down 5.2%, impacted in part by the performance of our 'big-ticket' categories due to its relatively higher weighting towards OEB products. OEB seasonal categories were also lower due to unseasonal weather conditions during H1. We saw a strong performance from our repairs and maintenance focused OEB categories such as tools & hardware
- In H1, 61% of OEB product sales were from Sustainable Home Products (SHPs) (H1 23/24: 56%). SHPs are intended to help reduce the environmental impact within our homes, and/or use materials and manufacturing methods which could have a lower environmental impact. Our target is to reach 70% by FY 25/26. We see considerable longer-term potential across all our markets as the 'green homes' agenda accelerates, in particular in the UK and France, where both governments have made 'net-zero' commitments

- During the period we focused our marketing and product development on repairs and maintenance categories. This involved increasing customer awareness through digital marketing campaigns, including partnerships with social media influencers to generate more OEB product reviews. This helped repair and maintenance categories outperform non-repair and maintenance categories by approximately nine percentage points

Progress in H1 against our three pillars of OEB product development – **innovation**, **affordability** and **reducing environmental impact** – are detailed below:

- **Innovation** – our product development process is centred around making the completion of home improvement tasks easier. Through a deep understanding of customer needs and frustrations, we are able to tailor our product development to address gaps in the market. During H1 we launched our *Cooke & Lewis ‘Odalia’* taps range, which includes an innovative new installation tool. *‘Odalia’* taps also help customers save water with a built-in regulator which mixes air into the water flow, thereby reducing the amount of water used. We also launched a new *Erbauer* nail gun which has increased durability, requiring a service every three years instead of annually, making it more reliable than equivalent branded products
- **Affordability** – our aim is to provide more affordable products for our customers with a target of being 15-30% cheaper, on average, than branded alternatives. We achieve this through strengthening our product ranges at the ‘opening price points’ and lowest retail price quartiles. For example, in H1 we launched our *‘Pragma’* modular kitchen range, which is c.15% cheaper than other local branded kitchen ranges. *‘Pragma’* has so far launched at Brico Dépôt France and Brico Dépôt Romania, with strong early sales
- **Reducing environmental impact** – we remain committed to helping our customers reduce their impact on the environment by embedding environmental considerations at the core of our OEB proposition. For example, in H1 we launched our *Jacobsen* range of switches and sockets which is made of 60% recycled plastic. We continued to extend our *Green Star* product marker programme at B&Q, Screwfix, and Castorama Poland, now reaching c.9k SKUs, which makes it easier for customers to identify and purchase products that have a reduced impact on the environment. Examples of products launched in H1 that were awarded the *Green Star* include our new *GoodHome ‘Classy’* range of flooring and *GoodHome ‘Italo’* vinyl flooring range, which are both plastic-free

e) Develop our trade business

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

Progress against our six key trade strategy pillars – **stores**, **range and price**, **people**, **services**, **loyalty** and **digital** – is described below:

<u>Stores</u>

- TradePoint updated 13 of its older trade counters by converting storage rooms to customer-accessible areas, allowing customers to see more products. The business is also testing solutions to increase its penetration into smaller B&Q stores
- Following strong results from tests of dedicated trade service desks and colleagues (more than doubling trade sales penetration), Brico Dépôt France and Brico Dépôt Romania rolled the proposition out to all their stores during H1. Castorama France and Brico Dépôt Iberia continue to test and fine-tune their in-store propositions for trade customers
- Castorama Poland expanded its *‘CastoPro’* tests to nine stores, providing dedicated spaces to serve trade customers and bring together key trade ‘grab and go’ convenience lines. The business is seeing strong early results from the *‘CastoPro’* concept and will continue its steady roll-out in H2

Range and price

- During the period we continued to add trade-specific branded products to our assortment, based on demand from trade customers. For example, *CTS* sealants, *OX* hand tools and *Makita* radios were added at TradePoint in H1 in line with demand
- We are also increasing customer awareness of our OEB trade-focussed ranges. For example, new standalone marketing displays were added across the Group of our *Site* workwear ranges for men and women, with customers able to try on before buying

People

- Dedicated TradePoint sales partners have been recruited in 44 stores to date, aiming to build more direct and personalised relationships with trade customers. Results to date have been strong. TradePoint has seen an uplift in sales from trade customers that sales partners have been working with directly, with a c.5% total trade sales uplift compared to stores without sales partners
- Castorama Poland and Brico Dépôt Iberia have also implemented dedicated customer service experts to engage with trade customers, introducing them to trade-specific benefits and generating sign-ups to their loyalty programmes. Brico Dépôt France has now introduced dedicated trade colleagues in all stores. The business has seen positive early results to date, including greater frequency of visits by trade customers and higher basket values
- We aim to extend the roll-out of this approach to more stores in the UK, France and Poland in H2

Services

- We continue to test and implement value-add services for our trade customers, including tool rental, waste management and payment financing
- Following successful trials, Castorama Poland expanded its *CastoRent* tool rental service to all its big and medium-box stores, providing low-cost access and increasing customer exposure to our *Erbauer* and *MacAllister* OEBs
- During the period TradePoint expanded its 'Direct-to-Site' offer to supply trade customers with the products they need beyond our stocked range in-store, enabling it to convert more inbound sales enquiries to orders
- After successful trials and high customer demand, deferred payment solutions have now been rolled out to all Brico Dépôt France stores

Loyalty

- Loyalty programmes for trade customers are now active in all our markets, with strong membership sign-ups and higher levels of visit frequency
- Highlights include the *'CastoPro'* membership in Castorama Poland, which was extended to all its stores in February following successful tests. The programme has seen c.210k sign-ups since launch
- Following tests last year, the *'BricoPro'* loyalty programme at Brico Dépôt Romania has also landed well with trade customers, with strong early results including a significant increase in new members

Digital

- Our C&C and online propositions help trade customers plan and prepare for their projects so that tools and materials are available when and where they need them
- Screwfix *Sprint* continues to deliver essential items to trade customers within one hour, available exclusively through the Screwfix app, with the proposition added to 100 additional stores in H1
- We are preparing the launch of trade-specific apps at TradePoint and Castorama Poland. The Castorama Poland app will give customers access to a virtual *'CastoPro'* loyalty card, displaying their active discount level and spend required to reach the next discount tier. The TradePoint app will provide a tailored experience, enabling trade customers to place orders, find stores, track loyalty progress and receive personalised offers

f) Roll out compact store formats

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

We are making good progress in testing different concepts in different catchments to unlock the compact store opportunity. We currently have 33 active tests across three markets and five retail banners (B&Q, Screwfix, Castorama France, Brico Dépôt France and Castorama Poland), with four additional tests added in H1 and two in August. The compact stores are in a variety of locations including high streets, small retail parks, industrial estates and dense urban areas.

- **High street tests** (300-1,000 sqm) – tests delivering encouraging learnings and results. We have 15 high street concept stores open in the UK, France and Poland. B&Q opened one 'B&Q Local' store in August, the first outside of London, for a total of 11 now in operation. B&Q continues to see high C&C participation (three to four times higher than non-compact stores) together with growth of customers new to B&Q. Similar concepts are being tested at Castorama France (three 'Casto' stores) and Castorama Poland (one 'Express' store). Across all three markets, we continue to iterate the store tests accounting for local customer needs as we create optimum high street blueprints
- **Small retail park tests** (800-2,000 sqm) – operating in Poland under the 'Castorama Smart' sub-banner. The format allows us to bring our core offer into smaller footprints and catchments, while offering a stronger showroom inspiration and more complete project journey than is possible within high street stores. In H1 we opened one new 'Smart' store in Poland, for a total of seven now in operation. The format continues to be adapted and iterated according to learnings
- **Screwfix UK compact stores** – Screwfix has rebranded its ultra-compact format stores to 'Screwfix City' to help customers more clearly identify the in-store offer. The stores are designed to give customers even greater convenience, with access to the full Screwfix range via next-day C&C. Two new 'City' stores were opened in H1, and a further two in Q3 to date, bringing the total in operation to nine. Screwfix plans to have up to 20 'City' stores in total by the end of this financial year and aims to open up to 100 over the next few years
- **Brico Dépôt France 1,000 sqm compact stores –** the business opened one further compact store in H1 in Pontivy, France, with three such formats now in operation. We have had positive early feedback, with continuous improvements being made to optimise the concept

g) Lead the industry in Responsible Business and energy efficiency

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

In H1 we continued to make strong progress against our **four Responsible Business priorities**:

<u>Colleagues: Becoming a more inclusive company</u>

- **Remuneration –** we continue to closely monitor the cost of living in each of our markets and, accordingly, implement timely salary increases. We have responded swiftly to changes to the National Minimum Wage or local equivalent, helping Kingfisher remain one of the most competitive employers on retail store colleague pay
- **Colleague engagement –** our overall colleague engagement score further improved in H1, maintaining our position in the top 5% of worldwide retailers. For the second year, 'reward' was the most improved engagement driver at Kingfisher, up five points YoY to an employee Net Promoter Score (eNPS) of 32. 'Recognition' also increased by 5 points to an eNPS of 51, and 'colleague wellbeing' rose by a further three points to 46
- **Gender representation –** our aim is for 40% women in management roles and 35% in senior leadership roles by FY 25/26. We continue to make good progress through initiatives such as targeting gender-balanced shortlists for all senior appointments and assigning senior mentors to high potential women. We reached 29.1% women in our senior leadership team (H1 23/24: 27.8%) and 39.8% in management roles (H1 23/24: 39.3%) as of 31 July. Our Gender Pay Gap report, published in April 2024, shows a reduction in the median hourly pay gap from 1.1% to 0.8%
- **Ethnic representation –** we aim to further improve ethnic diversity in our workplace to bring diverse perspectives and broaden our talent pool. Initiatives include partnering with *Diversity in Retail* to send colleagues to their *Ethnic Future Leaders* programme, alongside targeted campaigns to improve ethnic diversity in our internal development programmes. In the UK, our aim is to double ethnic

diversity for group executive team members and their direct reports to 16% by 2030, with an interim target of 12.5% by 2027
- **Learning and development –** we continue to invest heavily in learning and development, with an overall aim to support 20,000 colleagues to complete apprenticeships or qualifications by 2030. In FY 23/24, over 5,000 colleagues completed an apprenticeship, traineeship or external qualification

Planet: Helping to tackle climate change and becoming Forest Positive

Scope 1 and 2 carbon reduction targets
- We have reduced the carbon footprint from our own operations by 62.0% since FY 16/17, significantly ahead of our near-term 1.5°C-aligned science-based scope 1 and 2 targets
- We continue to make strong progress, including switching to more energy efficient vehicles across our delivery fleets and adopting energy efficiency measures across our property estate (including air source heat pumps and solar panels)

Scope 3 carbon reduction targets
- In FY 23/24, we reduced the intensity of our scope 3 emissions from the supply chain and customer use of products by 41.6% since FY 17/18, exceeding our 2025 target of 40%
- In H1 we announced new vendor decarbonisation targets to help us further reduce Scope 3 carbon emissions. These targets included: 1) creating a SBTi-aligned roadmap and 2050 'net-zero' decarbonisation target by 2028 for Kingfisher's 100 largest vendors by Scope 3 emissions, 2) creating a SBTi-aligned roadmap and 2050 'net-zero' decarbonisation target by 2030 for the next 450 largest vendors, and 3) setting a climate reduction plan by 2030 for all remaining vendors
- In addition, we have requested for our vendors to sign up to *'Manufacture 2030'* (an emissions data collection platform) which helps vendors understand their emissions and build the necessary roadmaps to achieve our mutual targets

Forest Positive
- We remain on track to achieve our target of 100% of wood and paper used in our products to be responsibly sourced by FY 25/26 (FY 23/24: 97%)
- Through our partnership with the *Rainforest Alliance*, we continue to invest in forest projects in key tropical sourcing regions. These cover c.190,000 hectares of community-managed forests and support the livelihoods of over 40 communities in those areas

Customers: Helping to make greener, healthier homes affordable
- In H1, 50% of Group sales (H1 23/24: 46%) were from Sustainable Home Products (SHPs). These include OEBs as well as national and international branded products, and our target is to reach 60% by FY 25/26
- An important subset of our SHPs are our energy and water-saving products. During H1 we continued our focus on increasing engagement with customers in this area, through setting up energy efficiency product zones in more of our stores at Castorama France and Castorama Poland, with dedicated product experts to help customers with government green subsidies. Kingfisher also launched a campaign to promote water-saving tips while showcasing our water-saving product ranges
- We continue to roll out *Green Star* product markers to help customers more easily identify and purchase products that have a reduced impact on the environment. To date, our *Green Star* product marker has been applied to c.9k SKUs, with an aim to extend to 12k SKUs in H2

Communities: Striving for better homes for everyone in our communities
- We exceeded our FY 25/26 target of reaching 2m people whose housing needs are greatest, through our charitable partnerships and banner Foundations. We have reached a total of 3.2m people since FY 16/17 through our community projects

h) Human, agile and lean

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

Human

- We are continuing to listen to our colleagues and measure their engagement across the Group, through formal and informal mechanisms. These include our 17 Affinity Networks and the Kingfisher Colleague Forum
- In our 2024 colleague engagement survey, we heard from 86% of colleagues who shared over 256k comments. Our Employee Net Promoter Score (eNPS) of 59 improved by two points YoY, maintaining our position in the top 5% of worldwide retailers
- We also continued to invest in leadership to build a stronger culture of inclusion. In H1, we ran workshops on inclusive recruitment, followed by the launch of our inclusive recruitment principles. This has supported a 15-point improvement in Kingfisher's leadership team inclusivity score

Agile

- We are enhancing our technology infrastructure through strategic partnerships with leading cloud providers, including *Google*, *Amazon Web Services* and *Microsoft Azure*. This multi-cloud approach allows us to implement the most appropriate and best-in-class solutions across our operations
- This approach is leading to enhanced speed, performance and resilience of our technology systems, as well as lower technology hosting costs

Lean – cost reduction and productivity

Multi-year structural cost reduction programme

- We continue to make strong progress in lowering our structural cost base across multiple areas of the business
- Examples include in **supply and logistics** where B&Q is benefiting from optimising its store-to-home fulfilment through use of its new order management system, reducing average order lead-times by 24 hours and saving c.£3m in logistics costs. We have also unlocked c.£4m in our logistics costs across all banners through optimising warehouse space and transport, including a 28% reduction of distribution centre space for Castorama France and Brico Dépôt France. We continue to optimise our c.£2.4bn **GNFR*** spend through around 300 cost reduction and productivity projects – for example, in H1, by consolidating media spend across various channels (television, radio and digital) to reduce marketing costs. The Group has also realised lower technology costs after initiating a Group-wide review of IT service contracts, and either cancelling or combining service contracts where possible. We also continue to realise **overheads** savings from expanded use of our shared service centre in Krakow, Poland. In **property**, excluding Screwfix, the Group completed 18 lease renewals and renegotiations in H1, with an average net rent reduction of 18% alongside improved lease terms

Productivity

- In addition to our structural cost reduction programmes, we are also focused on raising productivity by adapting and improving existing processes and workflows to deliver greater cost efficiency
- Examples in H1 included improving **store productivity** through identifying, tracking and reducing stock shrinkage with advanced store surveillance technology and a Microsoft-powered shrinkage dashboard. We are further improving **labour productivity** through the use of technology, enabling optimised picking routes to reduce the time required to prepare C&C and home delivery orders. We are realising improvements in **supply & logistics** with investment at Castorama Poland in new transit loading equipment which allows more stock to be loaded on to trucks, thereby reducing the amount of road journeys and lowering transport costs and our carbon footprint. Our shared service centre continues to focus on reducing **overheads** through greater use of automation – for example, automating the booking of invoices into our SAP systems from marketplace sales

Lean – inventories

- Structurally reducing our inventory levels and improving inventory turn is a major priority over the medium term. We are doing this by leveraging data to improve our planning and forecasting, optimising our replenishment systems (e.g., re-adjusting for shorter supplier lead-times), and developing stronger ranging principles
- Kingfisher's supply chain visibility tool (SVT) was developed in-house last year to provide our banners with real-time and end-to-end visibility of products, from receipt at origin ports all the way to arriving at stores. SVT enables our banners to reduce inventory levels and replenishment cycles by optimising the time between products being ordered and arriving at stores and distribution centres. The tool has

now been rolled out to all banners. Over time, we believe this will result in higher product availability, lower inventory days, less working capital requirements and higher profitability

- SVT is also enabling our banners to provide forward visibility to our suppliers by sharing our data and allowing collaborative planning. We are currently sharing data with 45 OEB vendors representing approximately 20% of OEB sales. So far this has resulted in substantial reductions in average lead-times and minimum order quantities, and a reduction in inventory days for the in-scope OEB vendors
- In light of the ongoing crisis in the Red Sea, we continue to work closely with our carriers to ensure we secure the optimum amount of shipping capacity. We have also protected ongoing supply through pulling forward product orders where appropriate, and quickly reflecting more accurate shipping lead-times in replenishment systems. To date, product availability remains strong with no critical shortages

H1 performance summary

- **Net inventory –** total net inventory decreased by 4.3% (£134m) to £2,979m (H1 23/24: £3,113m in constant currency; £3,132m in reported rates). This was driven by lower purchasing YoY, strategic reduction initiatives, a reduction in seasonal stock, product mix and product cost price deflation; partially offset by new Screwfix and Castorama Poland store openings
- **Same-store inventory –** same-store net inventory* was 5.4% (£167m) lower YoY in constant currency
- **Net inventory days –** decreased by 2% YoY
- **Product availability –** total product availability is broadly flat YoY at 97%, while best seller availability is up slightly YoY to 98%

Key strategic priorities and medium-term financial and capital allocation priorities

Kingfisher operates in attractive markets, with positive longer-term structural trends underpinning the medium to longer-term growth outlook (including more working from home and the focus on energy efficiency), giving us confidence in further market growth potential. Building on our industry's attractive growth prospects, our key strategic priorities are as follows:

- **Grow by building on our different banners:**
  - Screwfix UK & Ireland: medium-term target of >1,000 stores
  - Screwfix France: potential for >600 stores over time
  - Castorama Poland: targeting up to 75 store openings over next five years
- **Accelerate e-commerce through speed and choice:**
  - Ambition for e-commerce to reach 30% sales penetration, one third of which represents high margin marketplace gross sales
- **Build a data-led customer experience:**
  - Ambition for retail media revenues to reach up to 3% of the Group's total e-commerce sales
- **Develop our trade business:**
  - Aiming for >£1bn sales at TradePoint UK & Ireland, and to double trade penetration in France and Poland over medium term

Medium-term financial priorities

Kingfisher is a more agile and lean organisation that is strongly positioned to deliver profitable growth through self-help and operating leverage. Supported by the application of Kingfisher's key strategic priorities, the Group's medium-term financial and capital allocation priorities are as follows:

- **Sales to grow ahead of our markets:**
  - LFL sales growth driven by e-commerce and marketplace sales growth, OEB sales growth and higher trade customer penetration
  - Sales impact of c.+1.5% to +2.5% from annual net space growth over the medium term, primarily driven by Screwfix and Castorama Poland
- **Adjusted pre-tax profit to grow faster than sales:**
  - Supported by scale benefits, higher margin initiatives, operating cost leverage, and multi-year operating cost reduction opportunities
- **Strong cash generation to drive growth investment and shareholder returns:**

- Free cash flow of c.£450m in FY 25/26, followed by >£500m per annum from FY 26/27, supported by profit growth and ongoing inventory self-help measures

Capital allocation priorities
The Group's objectives in managing capital are to:

- Invest in the business where economic returns are attractive
- Maintain a solid investment grade credit rating
- Safeguard the Group's ability to continue as a going concern and retain financial flexibility
- Provide attractive returns to shareholders

We allocate capital, subject to strict returns criteria, to organic and 'bolt-on' inorganic growth opportunities that accelerate our strategy. Our target gross capital expenditure is c.3% of total sales per annum, focused on delivering against attractive organic growth opportunities.

To maintain a solid investment grade credit rating, our maximum net debt to EBITDA is 2.0 times over the medium term. To retain financial flexibility, we aim to maintain strong liquidity headroom (including cash, cash equivalents and committed debt facilities), which is currently set at a minimum of £800m. Total liquidity as of 31 July was over £1.1bn, including an undrawn revolving credit facility of £650m and cash of £472m (net of bank overdrafts).

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

Interim ordinary dividend
The Board has declared an interim dividend per share of 3.80p (FY 23/24 interim dividend: 3.80p). The interim dividend will be paid on 15 November 2024 to shareholders on the register at close of business on 11 October 2024. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the Company's shares. The shares will go ex-dividend on 10 October 2024. The last date for receipt of DRIP elections is 25 October 2024.

Share buyback programme
In line with our capital allocation policy described above, in September 2023 the Board determined that a further £300m of surplus capital was available to return to shareholders, via a share buyback programme. As of 31 July, we had repurchased c.£142m worth of shares under this programme, c.£92m of which was repurchased in H1. The fourth tranche of the programme will begin soon, and we now expect the £300m programme to fully complete in March 2025.

Section 5: Technical guidance for FY 24/25

New guidance, or significant updates to our previous guidance, are noted below in italics.

Please refer to Section 8 for further details regarding forward-looking statements.

Income statement

- Space
  - Sales impact of c.+1.5% from net space growth, mainly from Screwfix UK & Ireland and Castorama Poland
- Other International
  - 'Other'[1] retail losses of c.£35m (FY 23/24: £30m) *(previous guidance: c.£30m)*
- Koçtaş (Turkey 50% joint venture)
  - *Koçtaş retail contribution: c.£5m loss* (FY 23/24: £15m profit)
  - Share of JV interest and tax: c.£20m loss (FY 23/24: £16m loss)
- Depreciation and amortisation
  - Anticipate c.£670m (FY 23/24: £641m) *(previous guidance: c.£680m)*
- Central costs
  - Anticipate c.£60m (FY 23/24: £60m) *(previous guidance: c.£65m)*
- Net finance costs
  - Anticipate c.£105m (FY 23/24: £105m) *(previous guidance: c.£115m)*
- Adjusted PBT
  - Full year adjusted PBT of c.£510m to £550m[2] *(previous guidance: c.£490m to £550m)*
- Tax rate
  - Group adjusted effective tax rate* of c.27%[3] (FY 23/24: 27%)

Cash flow

- Capital expenditure
  - Targeting gross capex of c.£350m (FY 23/24: £363m; c.2.8% of total sales) *(previous guidance: c.£360m)*
- Free cash flow
  - Anticipate c.£410m to £460m for the year (FY 23/24: £514m) *(previous guidance: c.£350m to £410m)*
- Share buybacks
  - *Completion of current £300m share buyback programme in March 2025 (c.£150m repurchased to date, of which c.£100m has completed during this financial year to date)*
- Dividends
  - *c.£230m outflow for dividends related to the FY 23/24 final dividend and FY 24/25 interim dividend*
  - Dividend policy target cover range of 2.25 to 2.75 times, based on adjusted basic earnings per share. We may move outside of this target range, temporarily, from time to time

[1] 'Other' consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements, recorded within the 'Other International' division. On 18 July 2024, we completed a divestment of our c.80% equity interest in NeedHelp.
[2] Guidance assumes current exchange rates.
[3] Subject to the blend of profit within the Group's various jurisdictions.

Kingfisher

Section 6: Financial review

A summary of the reported financial results for the six months ended 31 July 2024 is set out below. To be read in conjunction with the condensed financial statements included in part 2 of this announcement.

Financial summary	**2024/25**	**2023/24**	**% Total Change Reported**	**% Total Change Constant currency**	**% LFL Change Constant currency**
Sales	£6,756m	£6,880m	(1.8)%	(1.4)%	(2.4)%
Gross profit	£2,480m	£2,495m	(0.6)%	(0.2)%	
Gross margin %	36.7%	36.3%	40bps	+40bps	
Operating profit	£374m	£367m	+2.0%		
Statutory pre-tax profit (PBT)	£324m	£317m	+2.3%		
Statutory post-tax profit	£237m	£237m	+0.2%		
Statutory basic EPS	12.8p	12.4p	+3.9%		
Net increase in cash(1)	£124m	£51m	n/a		
Interim dividend	3.80p	3.80p	-		
Adjusted metrics					
Retail profit	£420m	£433m	(3.0)%	(2.7)%	
Retail profit margin %	6.2%	6.3%	(10)bps	(10)bps	
Adjusted pre-tax profit (PBT)	£334m	£336m	(0.5)%		
Adjusted pre-tax profit margin %*	4.9%	4.9%	-		
Adjusted post-tax profit*	£243m	£249m	(2.6)%		
Adjusted basic EPS	13.2p	13.0p	+1.2%		
Free cash flow	£421m	£346m	+21.5%		
Net debt(2)	£(1,952)m	£(2,181)m	n/a		

(1) Net increase in cash and cash equivalents and bank overdrafts.
(2) Net debt includes £2,324m of lease liabilities under IFRS 16 in H1 24/25 (H1 23/24: £2,398m).

Total **sales** decreased by 1.4% on a constant currency basis, to £6,756m. This reflected resilient **core** category sales (supported by repairs, maintenance and existing home renovation activity) and the impact of weaker **'big-ticket'** category sales, as expected, and unseasonal weather on **seasonal** category sales. On a constant currency basis, UK & Ireland, Poland and Iberia all achieved YoY sales growth, with UK & Ireland sales growth driven by Screwfix and growth in Poland supported by an improved consumer environment. Sales in France were lower against a soft consumer backdrop throughout the period. Sales in Romania were slightly lower, impacted by abnormally hot weather and a weaker consumer environment in Q2. On a reported basis, which includes the impact of exchange rates, total sales decreased by 1.8%.

LFL sales of -2.4% excludes a +1.0% sales impact from a net increase in space, driven by Screwfix store openings in the UK & Ireland and Castorama in Poland. During H1, we opened 26 new stores (including 15 stores in the UK, one in Ireland, six in France, of which five were Screwfix stores, and four in Poland). We also closed two B&Q stores in the UK.

Gross margin % increased by 40 basis points on a constant currency and reported basis, reflecting effective management of product costs, retail prices and supplier negotiations, and lower clearance costs and stock provisions. Group **gross profit** was broadly flat, down by 0.2% in constant currency.

In constant currency, **retail profit** decreased by 2.7% to £420m, reflecting lower profits in France and higher losses from our 50% joint venture in Turkey, Koçtaş. This was partially offset by higher profits in the UK & Ireland and Poland. Profits in the UK & Ireland were supported by c.£25m of one-off business rates refunds at B&Q. On a reported basis, retail profit decreased by 3.0%. **Operating costs** increased by 0.4% on a constant currency basis. Excluding business rates refunds at B&Q and the retail loss of Koçtaş, operating costs increased by 1.1%, largely reflecting costs associated with new store openings and new business (including Screwfix International and NeedHelp). The operating costs movement also reflects a favourable YoY impact from charges related to ineffective foreign exchange hedges in the prior year. Other increases in operating costs including higher pay rates were offset through strengthened actions initiated in France and Poland in H2 23/24 to flex our staff levels and discretionary spend, as well as structural savings achieved by our cost reduction programme. The Group's **retail profit margin %** decreased by 10 basis points on a constant currency basis to 6.2% (H1 23/24: 6.3%, at reported rates).

Adjusted pre-tax profit decreased by 0.5% to £334m (H1 23/24: £336m), reflecting lower retail profit, largely offset by lower central costs and share of JV interest and tax. **Adjusted pre-tax profit margin %** was flat at 4.9% (H1 23/24: 4.9%).

Statutory pre-tax profit increased by 2.3% to £324m (H1 23/24: £317m). This reflects higher operating profit, including lower adjusting items YoY (see adjusting items below).

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

	2024/25 £m	2023/24 £m	Increase/ (decrease)
Retail profit (constant currency)	**420**	432	(2.7)%
Impact of exchange rates	**-**	1	n/a
Retail profit (reported)	**420**	433	(3.0)%
Central costs	**(29)**	(36)	(20.5)%
Share of interest and tax of joint ventures & associates	**(7)**	(11)	n/a
Net finance costs	**(50)**	(50)	(1.4)%
Adjusted pre-tax profit	**334**	336	(0.5)%
Adjusting items before tax	**(10)**	(19)	n/a
Statutory pre-tax profit	**324**	317	+2.3%

Net finance costs of £50m (H1 23/24: £50m) consist principally of interest on IFRS 16 lease liabilities.

Adjusting items after tax were a total charge of £6m (H1 23/24: charge of £12m), as detailed below:

	2024/25 £m Gain/(charge)	2023/24 £m Gain/(charge)
Net store asset impairment charges	**(6)**	(14)
Operating model restructuring	**(3)**	(7)
UK guaranteed minimum pension equalisation	**2**	-
Loss on disposal of NeedHelp	**(3)**	-
Profit on disposal of Crealfi associate investment	**-**	2
Adjusting items before tax	**(10)**	(19)
Prior year and other adjusting tax items	**4**	7
Adjusting items after tax	**(6)**	(12)

In consideration of our H1 24/25 performance in France, we have revised future projections for a number of stores. This has resulted in the recognition of £6m of net store impairment charges in the period.

During the prior year, the Group commenced formal consultations with employee representatives regarding the Group's technology operating model restructuring programme. Charges of £3m were recorded in the period relating to this programme. The programme is expected to complete in the second half of the year at a total cost of c.£15m, in line with previous expectations.

During the period, we updated the methodology under which the liability relating to guaranteed minimum pension equalisation is calculated, to reflect the methodology chosen by the Trustees, resulting in a £2m credit.

During the period, the Group completed the disposal of its c.80% interest in NeedHelp for nil proceeds, resulting in a loss on disposal of £3m.

Prior year and other adjusting tax items relate principally to deferred tax credits recorded in respect of the impairment and restructuring expenses noted above, movements in prior year provisions to reflect a reassessment of expected outcomes, and refunds from tax authorities.

Taxation

The Group's adjusted effective tax rate (ETR) is sensitive to the blend of tax rates and profits in the Group's various jurisdictions. It is higher than the UK statutory rate because of the amount of Group profit that is earned in higher tax jurisdictions and because no future benefit is assumed for losses incurred in certain overseas territories. The adjusted ETR, calculated on profit before adjusting items, prior year tax adjustments and the impact of future rate changes, is 27% (H1 23/24: 26%). The adjusted ETR is higher than the prior year rate primarily due to the increase in the UK statutory tax rate to 25%, which was enacted on 1 April 2023 and had a full effect in the current period. Other factors include increased losses in territories in which tax credits are not recognised.

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

	Pre-tax profit £m	**Tax £m**	**2024/25 %**	Pre-tax profit £m	Tax £m	2023/24 %
Adjusted effective tax rate	**334**	**(91)**	**27%**	336	(87)	26%
Adjusting items	**(10)**	**4**		(19)	7	
Statutory effective tax rate	**324**	**(87)**	**27%**	317	(80)	25%

In FY 21/22, Kingfisher paid £64m (including interest) to HM Revenue & Customs in relation to the European Commission's 2019 state aid decision concerning the UK's controlled foreign company tax rules. The General Court of the European Union dismissed several of the appeals in June 2022 and the decision is now pending with the European Court of Justice. The Group continues to recognise the amounts paid, together with a further £6m of accrued repayment interest, as a non-current tax asset, based on its assessment that its appeal will ultimately be successful. Please refer to note 17 of the condensed financial statements.

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

	Statutory tax rate 2025/26	Statutory tax rate 2024/25
UK	25%	25%
France	26%	26%
Poland	19%	19%

Adjusted basic earnings per share increased by 1.2% to 13.2p (H1 23/24: 13.0p), which excludes the impact of adjusting items. **Basic earnings per share** increased by 3.9% to 12.8p (H1 23/24: 12.4p).

	Earnings[1] £m	**2024/25 EPS pence**	Earnings[1] £m	2023/24 EPS pence
Adjusted basic earnings per share	**243**	**13.2**	249	13.0
Adjusting items before tax	**(10)**	**(0.5)**	(19)	(1.0)
Prior year and other adjusting tax items	**4**	**0.1**	7	0.4
Basic earnings per share	**237**	**12.8**	237	12.4

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

Dividends

The Board has declared an interim dividend per share of 3.80p (FY 23/24 interim dividend: 3.80p). The interim dividend will be paid on 15 November 2024 to shareholders on the register at close of business on 11 October 2024. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the Company's shares. The shares will go ex-dividend on 10 October 2024. The last date for receipt of DRIP elections is 25 October 2024. For further details on our dividend policy please refer to *'Key strategic priorities and medium-term financial and capital allocation priorities'* within Section 4.

Management of balance sheet and liquidity risk and financing

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

Net debt to EBITDA
As of 31 July 2024, the Group had £1,952m (H1 23/24: £2,181m) of net debt on its balance sheet including £2,324m (H1 23/24: £2,398m) of total lease liabilities.

The ratio of the Group's net debt to EBITDA (on a last twelve months' basis) was 1.5 times as of 31 July 2024 (1.6 times as of 31 January 2024). At this level, the Group has financial flexibility while retaining an efficient cost of capital. The Group's maximum net debt to EBITDA is 2.0 times over the medium term. Please refer to *'Key strategic priorities and medium-term financial and capital allocation priorities'* in Section 4 for further details.

Net debt to EBITDA is set out below:

	2024/25 Moving annual total £m	2023/24 Year-end £m
Retail profit	**736**	749
Central costs	**(53)**	(60)
Depreciation and amortisation	**656**	641
EBITDA	**1,339**	1,330
Net debt	**1,952**	2,116
Net debt to EBITDA	**1.5**	1.6

Credit ratings
Kingfisher holds a BBB credit rating with Fitch and a BBB rating with Standard and Poor's. The Outlook is Stable across both agencies.

Revolving credit facility
In May 2024, the Group entered into a new £650m Revolving Credit Facility (RCF) agreement with a group of its relationship banks, linked to sustainability targets. The credit facility expires in May 2027 and replaces a previous £550m facility, most of which was due to expire in May 2026. As of 31 July 2024, this RCF was undrawn.

Term loans
The Group has two existing fixed term loans with £50m maturing in June 2025 and £50m maturing in January 2026, with the latter linked to the Group's sustainability and community-based targets.

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

Total liquidity
As of 31 July 2024, the Group had access to over £1.1bn in total liquidity, including cash and cash equivalents of £472m (net of bank overdrafts) and access to a £650m RCF.

Free cash flow
A reconciliation of free cash flow is set out below:

	2024/25 £m	2023/24 £m
Operating profit	**374**	367
Adjusting items	**10**	19
Operating profit (before adjusting items)	**384**	386
Other non-cash items[1]	**363**	341
Change in working capital	**128**	84
Pensions and provisions	**(1)**	-
Net rent paid	**(260)**	(238)
Operating cash flow	**614**	573
Net interest received	**8**	5
Tax paid	**(48)**	(68)
Gross capital expenditure	**(153)**	(164)
Free cash flow	**421**	346
Ordinary dividends paid	**(159)**	(165)
Share buybacks	**(92)**	(99)
Share purchase for employee incentive schemes	**(26)**	(24)
Disposal of Crealfi S.A. and acquisition of assets of Connect Distribution Services Limited	**-**	6
Disposal of NeedHelp	**(3)**	-
Disposal of assets and other[2]	**(15)**	(13)
Net cash flow*	**126**	51
Opening net debt	**(2,116)**	(2,274)
Movements in lease liabilities	**37**	40
Other movement including foreign exchange	**1**	2
Closing net debt	**(1,952)**	(2,181)

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

Operating profit (before adjusting items) was £2m lower than last year, reflecting lower retail profit partially offset by lower central costs and share of JV interest and tax. The working capital inflow of £128m was largely driven by an increase in payables of £254m, reflecting normal buying seasonality and the pull forward of inventory purchases in light of the ongoing crisis in the Red Sea (and associated longer shipping lead-times). Net inventory increased by £82m, largely reflecting the seasonality of stock levels at half year versus year-end. Receivables increased by £44m, driven in part by business rates refunds at B&Q and supplier rebates.

Gross capital expenditure was £153m, decreasing by 7% (H1 23/24: £164m). Of this expenditure, 27% was invested in refreshing, maintaining and adapting existing stores (including renewable energy initiatives), 14% on new stores, 29% on technology and digital development, 8% on range reviews and 22% on other areas including supply chain investment.

Overall, free cash flow for H1 was £421m (H1 23/24: £346m). Net debt as of 31 July 2024 (including IFRS 16 lease liabilities) was £1,952m (H1 23/24: £2,181m).

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

	2024/25 £m	2023/24 £m
Free cash flow	**421**	346
Ordinary dividends paid	**(159)**	(165)
Share buybacks	**(92)**	(99)
Share purchase for employee incentive schemes	**(26)**	(24)
Disposal of Crealfi S.A. and acquisition of assets of Connect Distribution Services Limited	**-**	6
Disposal of NeedHelp	**(3)**	-
Disposal of assets and other[1]	**(15)**	(13)
Net cash flow	**126**	51
Arrangement fees paid	**(2)**	-
Net increase in cash and cash equivalents and bank overdrafts	**124**	51

[1] Includes adjusting cash flow items (principally comprising restructuring costs), partially offset by proceeds from the issue of new shares.

Pensions
As of 31 July 2024, the Group had a net surplus of £100m (H1 23/24: £127m net surplus, FY 23/24: £99m net surplus) in relation to defined benefit pension arrangements, of which a £216m surplus (£212m surplus as of 31 January 2024) was in relation to the UK scheme. The net surplus has remained broadly stable in the period, with a higher discount rate reducing scheme liabilities, offset by asset losses. As part of the funding valuation exercise completed in FY 22/23, the Trustee and Kingfisher agreed to cease annual employer contributions from August 2022 to July 2025. The accounting valuation is sensitive to a number of assumptions and market rates which are likely to fluctuate in the future. Please refer to note 11 of the condensed financial statements.

Risks
The Group's principal risks and uncertainties have been reviewed as part of our half year procedures. There are no additions or removals since the FY 23/24 year-end.

The current geopolitical and macroeconomic climate remains uncertain. While inflation has eased in most of our markets, its recent effects have impacted consumer spending and interest rates remain relatively high. Elections have been held in several of the countries in which we operate, however it is too soon to see what impact these will have on consumer confidence. There are also further upcoming elections, notably in the US, along with increasing regulations on the horizon, particularly in the Environmental, Social and Governance (ESG) space. Recent concerns about the health of the US economy have also had a knock-on effect on European and other global stock markets. Our Group Corporate Affairs team closely monitors global events for any impacts they could pose, and we continue to effectively manage our costs and pursue our OEB strategy to deliver value for our customers.

- **Our people:** Our colleagues are critical to the successful delivery of our 'Powered by Kingfisher' strategy and priorities. Failure to attract, retain and develop colleagues with appropriate skills and capabilities could impact our ability to deliver our strategic priorities and business objectives at the pace required. We have set ambitious inclusion and diversity targets to promote more innovation and creativity and ensure Kingfisher is an inclusive place to work. Failure to attract and retain colleagues to meet these targets could have a negative impact on delivering our business objectives and cause reputational damage.
- **Supply chain resilience:** A resilient supply chain is key to our business and the achievement of our strategic objectives. We are dependent on complex global supply chains and fulfilment solutions to deliver our products to our customers. We are also reliant on the ability of our suppliers to respond quickly to changes in demand and to be financially resilient, particularly to fluctuations in energy prices. Major disruption to our supply chain, along with a failure to respond quickly and effectively, could result in reduced levels of product availability, with an adverse financial and reputational impact.
- **Competitor behaviour:** Our competitors include both traditional store-based and pure-play online retailers. In recent years, we have seen an increase in online penetration in the home improvement market, including through e-commerce marketplaces. Competitors are also developing their offers, including more products, services and fulfilment options. Targeted actions or disruptive behaviour by

competitors could negatively impact our market shares, the value of our assets and our financial results.

- **Geopolitical instability creating macroeconomic volatility:** Kingfisher operates in eight countries across Europe and relies on a global supply base exposing us to both geopolitical uncertainty and local volatility. Strikes or challenges to international trade could impact our ability to receive products, limit the availability of certain raw materials or increase costs. Failure to anticipate events or respond appropriately could disrupt day-to-day operations and/or our ability to meet our strategic objectives. Spending pressure and reduced consumer confidence as a result of a continuing difficult economic environment and political volatility could negatively impact the demand for our products and services. If governments try to reduce their budget deficits through further taxation, this could create additional burdens on businesses.
- **Cyber and data security:** Cyberattacks and security incidents continue to present a risk for organisations. We proactively manage our risk profile and will continue to do so as we deliver on our strategy and as our use of technology evolves. Generative AI tools have become more widely accessible recently. Whilst these present great opportunities for innovation and growth, they could also be used maliciously by bad actors to create more compelling phishing attacks. If public Generative AI services are used, there is a risk that commercially sensitive information may be inadvertently made public, increasing the risk of data loss. Failure to protect data, detect breaches and respond accordingly would negatively impact our operations, profitability and reputation.
- **Legal and regulatory:** The Group's operations are subject to a broad range of regulatory requirements in the markets in which we operate, and new regulation continues to emerge. A major corporate issue or crisis, a significant fraud or material non-compliance with legislative or regulatory requirements would impact our brands and reputation, could expose us to significant fines or penalties and would require significant management attention.
- **Reputation and trust:** Our customers, colleagues, suppliers, investors and the communities we source from and operate in expect us to conduct our business in a way that is responsible and in everyone's long-term interest. One of the many ways we strive to ensure this is through our publicly communicated Responsible Business strategy and targets, covering topics such as how we help our customers' homes become more sustainable, responsible sourcing, how we bring greater diversity into the business and support our local communities. We also expect everyone working for us or with us to carry out our business professionally, fairly and with complete integrity.
- **Climate change:** Climate change will have negative consequences on society and businesses without concerted mitigation efforts. The climate scenario analysis in our TCFD section (see the 2023/24 Annual Report and Accounts) identified several climate-related financial and operational risks, which are potentially significant if climate solutions are not effective, even if their impact over our outlook period is limited. The analysis shows the top three risks being consumer preference changes, liability costs from third-parties and the cost of carbon increasing. In response to these challenges, we have a number of mitigation actions including setting ambitious climate change commitments. Failure to deliver on our commitments could negatively impact our operations, profitability over time, as well as causing reputational damage.
- **Responding to changing customer preferences:** The pace of change remains high, with greater use of e-commerce solutions for C&C and home delivery and increasing customer demand for greater choice. To make our products available to customers where and when they want it, we need innovative digital channels supported by an agile and reliable infrastructure, a robust logistics capability and an optimised property portfolio, located where consumers want to shop, with in-store services. We are also seeing increased demand for more sustainable products, with greater attention to their energy and water saving features and their overall environmental impact. Failure to identify and respond to new trends effectively and with pace could affect our ability to stimulate spend and adversely impact the value of our assets and our financial results.

Further details of the Group risks and risk management process can be found on pages 59 to 64 of the 2023/24 Annual Report and Accounts.

Section 7: Glossary

Alternative Performance Measures (APMs)

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures (APMs), also known as non-GAAP measures, of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those used by other retailers. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Adjusted basic earnings per share (EPS)	Basic earnings per share	A reconciliation of adjusted basic earnings per share is included in the Financial Review (Section 6) and note 8 of the condensed financial statements	Adjusted basic earnings per share represents profit after tax attributable to the owners of the parent, before the impact of adjusting items (see definition below), divided by the weighted average number of shares in issue during the period. The exclusion of adjusting items helps provide an indication of the Group's ongoing business performance.
Adjusted effective tax rate	Effective tax rate	A reconciliation to the statutory effective tax rate is set out in the Financial Review (Section 6)	The adjusted effective tax rate is calculated as continuing income tax expense excluding tax adjustments in respect of prior years (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of adjusting items, divided by continuing profit before taxation excluding adjusting items. Prior year tax items represent income statement tax relating to underlying items originally arising in prior years, including the impact of changes in tax rates on deferred tax. The exclusion of items relating to prior years, and those not in the ordinary course of business, helps provide an indication of the Group's ongoing rate of tax.
Adjusted pre-tax profit (PBT)	Profit before taxation	A reconciliation of adjusted PBT is set out in the Financial Review (Section 6)	Adjusted PBT is used to report the performance of the business at a Group level. This is stated before adjusting items. The exclusion of adjusting items helps provide an indication of the Group's ongoing business performance.
Adjusted pre-tax profit (PBT) margin %	No direct equivalent	Refer to definition	Adjusted PBT is used to report the performance of the business at a Group level and is separately defined. Adjusted PBT margin % represents adjusted PBT as a percentage of sales. It is a measure of overall business profitability.
Adjusted post-tax profit	Profit after tax	A reconciliation of adjusted post-tax profit is set out in the Financial Review (Section 6) and note 8 of the condensed financial statements	Adjusted post-tax profit is used to report the after-tax performance of the business at a Group level. This is stated before adjusting items. The exclusion of adjusting items helps provide an indication of the Group's ongoing after-tax business performance.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Adjusting items	No direct equivalent	Not applicable	Adjusting items, which are presented separately within their relevant income statement category, include items which by virtue of their size and/or nature, do not reflect the Group's ongoing trading performance. Adjusting items may include, but are not limited to: non-trading items included in operating profit such as profits and losses on the disposal, closure, exit or impairment of subsidiaries, joint ventures, associates and investments which do not form part of the Group's ongoing trading activities; the costs of significant restructuring and incremental acquisition integration costs; profits and losses on the exit of properties, impairments of goodwill and significant impairments (or impairment reversals) of other non-current assets; prior year tax items (including the impact of changes in tax rates on deferred tax), significant one-off tax settlements and provision charges/releases and the tax effects of other adjusting items; financing fair value remeasurements i.e., changes in the fair value of financing derivatives, excluding interest accruals, offset by fair value adjustments to the carrying amount of borrowings and other hedged items under fair value (or non-designated) hedge relationships. Financing derivatives are those that relate to hedged items of a financing nature.
'Big-ticket' category sales±	No direct equivalent	Not applicable	'Big-ticket' category sales comprise the sales from our kitchen, bathroom & storage products. It is used as a measure of performance of our relatively higher-value products.
Central costs	No direct equivalent	Not applicable	Central costs principally comprise the costs of the Group's head office before adjusting items. This helps provide an indication of the Group's ongoing head office costs.
Constant currency	No direct equivalent	Not applicable	Constant currency changes in total sales, LFL sales, gross profit, gross margin %, retail profit, retail profit margin % and operating costs reflect the year-on-year movements after translating the prior year comparatives at the current year's average exchange rates. These are presented to eliminate the effects of exchange rate fluctuations on the reported results.
Core category sales±	No direct equivalent	Not applicable	Core sales include the sales from non-seasonal products across all our categories, other than 'big ticket' sales (i.e., kitchen, bathroom & storage). It is used as a measure of our non-seasonal related performance, which is the majority of Group sales.
Dividend cover	No direct equivalent	Not applicable	Dividend cover represents the ratio of earnings to dividends. It is calculated as adjusted basic earnings per share divided by the total (full year)

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
			dividend per share. It is used as an indication of how sustainable dividend payments are.
E-commerce sales penetration %	No direct equivalent	Refer to definition	E-commerce sales penetration % represent total e-commerce sales as a percentage of sales. For the purpose of this calculation only, sales are adjusted to replace marketplace net sales with marketplace gross sales. It is used to track the success of our e-commerce strategy.
First-party e-commerce sales	No direct equivalent	Refer to definition	First-party e-commerce sales are total first-party sales (excluding VAT) derived from online transactions, including click & collect (C&C). This includes sales transacted on any device, however not sales through a call centre. Sales (and related commissions/fees) from products supplied by third-party e-commerce marketplace vendors are excluded. It is used to measure the performance of our first-party e-commerce business across the Group.
Total e-commerce sales	No direct equivalent	Refer to definition	Total e-commerce sales are first-party e-commerce sales plus marketplace gross sales. References to digital or e-commerce sales growth relates to growth in constant currency. It is used to measure the performance of all e-commerce business (first-party and third-party) across the Group.
EBITDA	Profit before taxation	A reconciliation of EBITDA is set out in the Financial Review (Section 6)	EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as retail profit less central costs and before depreciation and amortisation. This measure is widely used in calculating the ratio of net debt to EBITDA, and is used to reflect the Group's leverage.
Free cash flow	Net increase in cash and cash equivalents and bank overdrafts	A reconciliation of free cash flow is set out in the Financial Review (Section 6)	Free cash flow represents the cash generated from operations (excluding adjusting items) less the amount spent on interest, tax and capital expenditure during the year (excluding asset disposals). This provides a measure of how much cash the business generates that can be used for expansion, capital returns and other purposes.
Gross margin %	No direct equivalent	Refer to definition	Gross profit represents sales from the supply of home improvement products and services (excluding VAT), less the associated cost of those sales. Gross margin % represents gross profit as a percentage of sales. It is a measure of operating performance.
LFL	Sales	Refer to definition	LFL (like-for-like) sales growth represents the constant currency, year-on-year sales growth for stores that have been open for more than one year. It is a measure to reflect the Group's performance on a comparable basis.
Marketplace gross	No direct equivalent	Refer to definition	Marketplace GMV is the total transaction value (including VAT) from the sale of products supplied by third-party e-commerce marketplace

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
merchandise value (GMV)			vendors. It is used to measure the performance of our e-commerce marketplace, and is the basis on which our commissions from third-party vendors are determined.
Marketplace gross sales	No direct equivalent	Refer to definition	Marketplace gross sales is the transaction value (excluding VAT) from the sale of products supplied by third-party e-commerce marketplace vendors. Returned and cancelled orders are excluded. It is used to measure the performance of our e-commerce marketplace.
Marketplace net sales	No direct equivalent	Refer to definition	Marketplace net sales are commissions (excluding VAT) earned on e-commerce marketplace transactions, together with other service fees. This is included within sales. Commissions are determined based on GMV. It is used to measure the performance of our e-commerce marketplace.
Marketplace participation %	No direct equivalent	Refer to definition	Marketplace participation % represents marketplace gross sales as a percentage of total e-commerce sales. It is used to track the success of our marketplace strategy and performance.
Net debt	No direct equivalent	A reconciliation of this measure is provided in note 16 of the condensed financial statements	Net debt comprises lease liabilities, borrowings and financing derivatives (excluding accrued interest), less cash and cash equivalents and short-term deposits, including such balances classified as held for sale.
Net cash flow	Net increase in cash and cash equivalents and bank overdrafts	A reconciliation of net cash flow is set out in the Financial Review (Section 6) and in note 16 of the condensed financial statements	Net cash flow is a measure to reflect the total movement in the net debt balance during the year excluding the movement in lease liabilities, exchange differences and other non-cash movements.
Operating costs	No direct equivalent	Not applicable	Operating costs represent gross profit less retail profit. This is the Group's operating cost measure used to report the performance of our retail businesses.
Own exclusive brands (OEB) sales	No direct equivalent	Refer to definition	OEB refers to our portfolio of own exclusive brands across seven core categories – surfaces & décor, tools & hardware, bathroom & storage, kitchen, EPHC (electricals, plumbing, heating & cooling), building & joinery, and outdoor. OEB sales are sales of own exclusive brand products. It is used to measure the performance of OEB across the Group.
Retail profit	Profit before taxation	A reconciliation of Group retail profit to profit before taxation is set out in the Financial Review (Section 6) and note 4 of the condensed	Retail profit is stated before central costs, adjusting items, the Group's share of interest and tax of JVs and associates, and net finance costs. This is the Group's operating profit measure used to report the performance of our retail businesses.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
		financial statements. There is no statutory equivalent to retail profit at a retail banner level	
Retail profit margin %	No direct equivalent	Refer to definition	Retail profit is the Group's operating profit measure used to report the performance of our retail businesses and is separately defined above. Retail profit margin % represents retail profit as a percentage of sales. It is a measure of operating performance.
ROCE	No direct equivalent	Refer to definition	ROCE (return on capital employed) is the post-tax retail profit less central costs, excluding adjusting items, divided by capital employed excluding historic goodwill, net debt and adjusting restructuring provision. The measure provides an indication of the ongoing returns from the capital invested in the business. Capital employed is calculated as a two-point average. The calculation excludes disposed businesses.
Same-store net inventory	Inventory	Refer to definition	Same-store net inventory movement represents the constant currency, year-on-year change in net inventory before the impact of store openings and closures. It is a measure to reflect the Group's inventory management on a comparable basis.
Seasonal category sales	No direct equivalent	Refer to definition	Seasonal category sales include the sales from certain products within our outdoor, electricals, plumbing, heating & cooling (EPHC) and surfaces & décor categories. It is used as a measure of the performance of our sales that are subject to the season we are in, or prevailing weather conditions.

± Indicates the inclusion of new APMs during H1 24/25. The new APMs in the table above have been introduced to track the individual performance of our core and 'big-ticket' category sales.

<u>Other Definitions</u>

'Do It Yourself' (DIY) sales include products that facilitate self-undertaken home improvement projects and tasks, including paint, lighting, tools and hardware, and garden maintenance.

'Do It For Me' (DIFM) sales include products and services used in home improvement projects and tasks that predominantly require a tradesperson to undertake, including kitchens, bathrooms, tiling, wardrobes, windows and doors, certain electrical and plumbing activities, and installation services.

France consists of Castorama France and Brico Dépôt France.

GNFR (Goods Not For Resale) covers the procurement of all goods and services a retailer consumes (including ocean freight, energy, media buying, cleaning, and security).

Iberia consists of Brico Dépôt Spain and Brico Dépôt Portugal.

Other International consists of Poland, Iberia, Romania, ‘Other’, and Turkey (Koçtaş JV). ‘Other’ consists of the consolidated results of Screwfix International, NeedHelp, and results from franchise and wholesale agreements. On 18 July 2024, we completed a divestment of our c.80% equity interest in NeedHelp.

SKU (Stock Keeping Unit) is defined as the number of individual variants of products sold or remaining in stock. It is a distinct type of item for sale, such as a product and all attributes associated with the item type that distinguish it from others. These attributes could include, but are not limited to, manufacturer, description, material, size, colour, packaging and warranty terms.

UK & Ireland consists of B&Q in the UK & Ireland and Screwfix in the UK & Ireland.

Section 8: Forward-looking statements

You are not to construe the content of this announcement as investment, legal or tax advice and you should make your own evaluation of the Company and the market. If you are in any doubt about the contents of this announcement or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (or if you are a person outside the UK, otherwise duly qualified in your jurisdiction).

This announcement has been prepared in relation to the financial results for the six months ended 31 July 2024. The financial information referenced in this announcement is not audited and does not contain sufficient detail to allow a full understanding of the results of the Group. Nothing in this announcement should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group or an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (as amended) (or, otherwise under any other law, regulation or exchange rules in any other applicable jurisdiction).

Certain information contained in this announcement may constitute "forward-looking statements" (including within the meaning of the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995), which can be identified by the use of terms such as "may", "will", "would", "could", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "plan", "goal", "aim", forecast, or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements are based on currently available information and our current assumptions, expectations and projections about future events. These forward-looking statements include all matters that are not historical facts and include statements which look forward in time or statements regarding the Company's intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, the Company's results of operations, financial condition, changes in global or regional trade conditions (including a downturn in the retail or financial services industries), competitive influences, changes in tax rates, exchange rates or interest rates, changes to customer preferences, the state of the housing and home improvement markets, share repurchases and dividends, capital expenditure and capital allocation, liquidity, prospects, growth and strategies, litigation or other proceedings to which we are subject, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises, outbreaks of contagious disease, environmental disruption or political volatility. By their nature, forward-looking statements are not guarantees of future performance and are subject to future events, risks and uncertainties – many of which are beyond our control, dependent on actions of third-parties, or currently unknown to us – as well as potentially inaccurate assumptions that could cause actual events or results or actual performance of the Group to differ materially from those reflected or contemplated in such forward-looking statements. For further information regarding risks to Kingfisher's business, please consult the risk management section of the Company's Annual Report (as published). No representation, warranty or other assurance is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements.

The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company does not undertake any obligation to update or revise any forward-looking statement to reflect any new information, change in circumstances, or change in the Company's expectations to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events.