**Wickes Group plc - Interim Results 2021**

for the 26 weeks period to 26 June 2021

***Strong first half performance driven by digitally-led, service-enabled proposition***

## Financial Highlights

- Revenue growth up 33.1% on a like-for-like basis*, and 22.4% on 2019, driven by strong Core performance
- Adjusted profit before tax increased to £46.5m**, ahead of guidance of around £45.0m
- Reported profit before tax increased to £35.7m, reflecting demerger and IT separation costs
- IFRS net debt reduced by £100.2m to £564.8m compared to the Prospectus pro-forma opening position driven by strong trading performance and cash generation
- Capital investment and IT separation costs are weighted to the second half of the year and working capital benefit will partially unwind
- First Wickes Group plc interim dividend declared of 2.1p
- We now expect to deliver full year adjusted profit before tax towards the upper end of market expectations

## Operational Highlights

- Digital strength and capability continues to underpin performance with strong retention and growth of active digital customers; two thirds of sales driven by digital channels
- Further market share gains in Core across both DIY and local trade across a broad range of categories, driven by the strength of the digital proposition and supported by new ranges
- Resilient performance in DIFM (Do-it-for-me) with showrooms closed through to 12 April and 1m interactions with our newly developed virtual showroom journey within six weeks of launch
- Further growth in the Wickes installer base, with wider market issues driving an extension of lead times from order to completion
- Successfully navigating Covid restrictions and supply chain challenges

## Summary financial results

| ***£m*** | **26 weeks to 26 Jun 21** | **26 weeks to 27 Jun 20** | **Change** |
|---|---|---|---|
| **Revenue** | **812.0** | **612.7** | **32.5%** |
| *Core* | *666.7* | *491.8* | 35.6% |
| *DIFM* | *145.3* | *120.9* | 20.2% |
| **Gross profit** | **294.8** | **225.9** | **30.5%** |
| *Gross profit %* | *36.3%* | *36.9%* | |
| **Adjusted** operating profit** | **61.9** | **30.9** | **100.3%** |
| *Adj operating profit %* | *7.6%* | *5.0%* | |
| **Adjusted** profit before tax** | **46.5** | **14.5** | **220.7%** |
| **Adjusted** basic earnings per share** | **14.6p** | **4.7p** | |
| **Reported operating profit** | **51.1** | **10.9** | **368.8%** |
| *Operating profit %* | *6.3%* | *1.8%* | |
| **Reported profit / (loss) before tax** | **35.7** | **(5.5)** | |
| **Basic earnings / (loss) per share** | **13.5p** | **(0.8)p** | |
| **Interim Dividend** | **2.1p** | n/a | |

**Like-for-like sales analysis is explained, reconciled and calculated in note 3 of the interim financial statements*

***Adjusted measures represent results on an IFRS basis and exclude adjusting items which comprise significant restructurings, significant write downs or impairments of current and non-current assets, the costs of demerging and listing the business, the associated costs of separating the business from the Travis Perkins Group's IT systems, and the effect of changes in corporation tax rates on deferred tax balances (see note 2 of the interim financial* *statements for a detailed explanation of these items). These measures have been explained, reconciled and calculated in note 15 of the interim financial statements.*

**Current Trading & Outlook**

As expected, Core performance has moderated as we annualise tough 2020 comparatives, however we continue to see strong year on two year growth driven by notably buoyant demand from local trade and underpinned by our digital capability.

Following the re-opening of our DIFM showrooms on the 12 April, ordered sales grew strongly through May and June.  Over the summer, DIFM orders have since settled back to be broadly in line with 2019.

The well-documented demand for installers, and in particular the builders that many wider projects are dependent upon, combined with ongoing product supply restrictions, means lead times to project completion have extended. This will result in a higher carry over order book into next year which will benefit financial year 2022.

Given the strong outlook for Core and DIFM trends, together with half year results which delivered adjusted Profit Before Tax £1.5m ahead of guidance, we now expect adjusted Profit Before Tax for the full year to come in towards the upper end of analyst expectations (range £67-£75m). This assumes no further significant change as a result of Covid disruption or restrictions.

**David Wood, Chief Executive, commented:**

“This is a strong first half performance underpinned by our attractive digitally-led, service-enabled proposition. In our first set of results since demerger, we have delivered an increase in sales and profits as we continue to help the nation feel house proud.

As a business we have responded well to the increase in demand across our three routes to market, supporting all our customers. I would like to thank each of my colleagues for their continued hard work and support.

In Core we have gained further market share driven by the strength of our proposition and DIFM has been remarkably resilient despite showrooms being closed through to April.

Throughout this period, our strong relationships with suppliers means that we have navigated inflationary pressures and raw material constraints well – and this remains the case. We continue to provide customers with the products and services they need at the best possible value.

Turning to the wider home improvement market, external factors continue to indicate strong growth opportunities. An ageing housing stock, continued property transactions and growing consumer confidence are all driving customers to improve their homes. In addition, the increased time spent at home has fuelled the desire to renovate and refurbish – not only from homeowners – but also amongst rental tenants and the millennial generation.

While the immediate external environment remains volatile, we look to the future with confidence. We expect to deliver a full year adjusted Profit Before Tax towards the upper end of expectations, and beyond that, we have the right business model to win over more customers and capitalise on the growth opportunities within a large and growing home improvement market.”

**Investor & Analyst meeting**

A webcast for investors and analysts will be available today at 9.00am (UK time), followed by a live Q & A with the Wickes management team. The  webcast be accessed at: https://webcasting.brrmedia.co.uk/broadcast/612f98e812f0cb436ea68dc1

A recording of the webcast will be available on the Wickes Group plc website later today: https://wickesplc.co.uk

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**About Wickes**

Wickes is a digitally-led, service-enabled home improvement retailer, delivering choice, convenience, value and best-in-class service to customers across the United Kingdom making it well placed to outperform its growing markets. In response to gradual structural shifts in its markets over recent years, Wickes has a balanced business focusing on three key customer journeys - Local Trade, DIY (together "Core") and Do-it-for-me ("DIFM").

Wickes operates from its network of 232 right-sized stores, which support nationwide fulfilment from convenient locations throughout the United Kingdom, and through its digital channels including its website and TradePro mobile app for trade members. These digital channels allow customers to research and order an extended range of Wickes products and services, arrange virtual and in-person design consultations, and organise convenient home delivery or click-and-collect.

**Forward looking statements**

This announcement may include statements that are, or may be deemed to be, forward-looking statements. By their nature forward-looking statements involve opportunity, risk and uncertainty since they relate to future events and circumstances, and actual results may differ materially. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement.

**Operational and strategic review**

Wickes has performed strongly in the first half of 2021 supported by our digitally-led, service-enabled proposition. Two thirds of our sales were driven from digital channels in the first half of 2021, whilst retention and growth of our digital shopper base was strong having grown substantially in 2020, influenced by the pandemic.

Wickes continued to be recognised independently, winning DIY Retailer of the year at the DIY Week Awards 2021 and ranking as a top 10 UK retailer in the Financial Times Global Diversity Leaders 2021 reflecting employees' views on diversity and inclusion.

*Market*
The home improvement market continues to show good growth, underpinned by an ageing housing stock, property transactions and consumer confidence, driving customers to improve and invest in their homes.

Covid restrictions have further amplified this market through changes in working habits, resulting in more time spent in the home, fuelling further desire to renovate and refurbish. We have also seen increased appetite from rental tenants to invest in their properties, interest from the millennial generation in DIY, combined with a higher level of savings which supports pent up demand. When taken together these factors continue to indicate strong growth opportunities in the home improvement market.

The appetite to invest in home improvement played out strongly in the first half of 2021 as customers sought to complete projects either through DIY, employing a local tradesman or seeking concept to completion services on projects such as a kitchen or bathroom installation. The Wickes proposition continues to have broad appeal irrespective of how a customer chooses to complete their home improvement project.

*Operational progress*
Wickes continued to be classed as an ‘essential’ retailer through Covid restrictions in the first half of the year, with stores remaining partially open until 12 April 2021 and fully open thereafter.

During this period, both our store and distribution environments handled record levels of throughput, driving strong operational leverage in challenging circumstances by continuing to develop and refine working practices whilst delivering improvement in customer satisfaction measures. Investment and innovations in this area included new in-store digital handheld terminal picking capability, ‘park and collect’ allowing customers to remain in their vehicles when collecting goods from store and continued investment to develop in-store fulfillment space to maximise multi channel capacity. We have also seen an increase in assisted selling as customer proximity and service has returned. Throughout the first half we continued to invest in areas such as cleaning, social distancing and marshalling, to ensure that our operational environments remained safe for colleagues and customers.

Government restrictions required our DIFM showrooms within stores, which showcase our kitchen and bathroom ranges, to remain closed from January 2021 through to 12 April 2021. DIFM activity therefore relied entirely on our newly developed virtual showroom journey which was rolled out in Q4 2020. Our virtual showroom tour saw over 1m interactions within six weeks of launch, delivering a resilient level of sales despite showroom closures through our critical winter sale period.

Despite an industry-wide shortage of installers, we have continued to offer customers the best available lead times in the market and have retained our ‘distinction’ level of service from the Institute of Customer Service in challenging circumstances. We continue to grow our installer network with over 350 new installation teams approved in the first half of the year, strengthening the capacity and quality of our installation capability. Additionally, we continue to progress our installer apprenticeship programme with the initial cohort completing their training in the first half of the year.

Our store network remained open throughout the first half (which compares to 2020, when our stores remained closed for a number of weeks), and as a result we have seen changes in participation through our customer fulfilment channels. Participation has strengthened in self-serve, whilst click & collect has reduced. Home delivery has maintained high levels of participation following strong growth in 2020, indicating an underlying change in customer behaviour. To support this underlying change we are building out broader partnerships with carriers to service the increase in demand whilst also giving customers the best possible experience.

Availability challenges in certain categories have been widely discussed. Whilst we are not immune to these challenges, we consider our strong supplier relationships, curated range and operational agility have served us well to continue to provide customers with the products they need through this period.

This is evidenced by a consistently strong and resilient Core performance through the first half of the year, and we expect to maintain a strong focus on availability to ensure we are best placed to mitigate any impact. We will also maintain a good dialogue with customers to manage expectations where supply shortages or project delays are unavoidable.

Issues on cost price inflation being experienced across the industry have been well-flagged, particularly in key commodity driven areas such as timber. We are managing through these transitory pressures by working closely with our suppliers, adjusting prices where necessary whilst maintaining a competitive price position to provide customers with the best possible value.

*Winning for Trade*
We have continued to grow our TradePro membership, enrolling over 50,000 new local trade customers, bringing total membership to over 600,000. Our local trade customers indicate that they have a strong pipeline of work and this has translated into increased transactions and spend, supporting our Core performance through the first half.

We continue to evolve our digital capability during the half, with more personalisation introduced in the TradePro app together with the ability to target promotional offers and give early visibility of these offers to drive loyalty. We continue to develop our Mission Motivation Engine, with an initial focus on local trade, to help us identify which missions our customers are on - leading to more relevant personalised communication across all channels. In addition, our new digital picking capability in stores enables prioritisation of the trade customer orders to ensure we can better deliver on the need to 'save me time, save me money.'

*Accelerating DIFM*
We believe digital development and product innovation will drive the acceleration of growth within DIFM. As such, this remained a core area of focus and investment during the half. Throughout the period the virtual showroom journey and virtual tour functionality have enabled us to continue to engage with customers and take them through the design and sales process entirely remotely, supported by our experienced design consultants.

We have continued to invest in product innovation in line with changing customer demands and needs, including a major refresh of the kitchen range, a completely new bathroom range together with a standalone home office proposition, all of which are indicating encouraging levels of interest from customers. The home office proposition notably demonstrates our agility to respond to changing consumer behaviour and leverages our existing design and installation capability. Our kitchen and bathroom ranges are being progressively introduced into our showroom displays, and will be completed in the second half of the year. We also took our new Bathroom range above the line, launching our first ever bathroom TV ad.

We continue to see high attachment rates of tiling and flooring sales to kitchen and bathroom projects, confirming the opportunity to grow adjacent categories and increase overall project spend. Installation solutions for new categories are progressing well with pilots expected to commence later this year.

Digital development has delivered improved imaging, features and pricing illustrations for DIFM projects, together with new video content supporting flooring and tiling.

*DIY Category Wins*
Our highly curated range continues to work well, supporting strong levels of Core sales growth and market share improvement through the first half, with extended ranges available through our in-store online terminals (OLI) and through our website.

As part of our strategy to capture market share in underweight categories, range reviews were completed in garden maintenance, flooring, timber & sheet materials and own brand power tools, delivering strong sales growth, improved availability and stockturn with an average 20% in-store SKU range reduction supported by an extended range online. Further range reviews are planned for the second half of the year.

*Store Refits/Enhanced store service model*
During the first half of the year, three store refits were completed in Dundee, Ruislip and Stockport together with a refresh in Taunton and a relocation in Sunderland. The sales uplifts from these investments continue to deliver strong returns on investment and we expect to accelerate this programme of investment moving into the second half of the year.

We continue to evolve our store service model and have recently re-launched our Dunstable store following a refit, to represent the current best in class store service proposition.

*ESG*
At the start of the year, we laid out our ESG focus areas together with our ambition to grow a responsible, sustainable business supported by a board level ESG committee.

In the first half of this year we have continued to strengthen our colleague networks. We have grown our LGBT+ allies, delivered disability smart training, extended our mental health first aiders, and seen over 380 managers taking part in our Race, Ethnicity and Identity programme. We also launched a partnership with Peppy Health, supporting our colleagues with menopause and fertility services.

Wickes continues to focus on supporting young people across our communities. We have launched our first to market 'Installer Apprenticeship' scheme, as well as supporting Kick Start. We have now raised over £1m for Young Minds, our charity partner, after strong fundraising in the first half of this year. Following a trial of our new Store Community Programme, which supported over 50 charity partners and schools across four regions, this programme is now being extended across our store estate.

Wickes has been working hard to integrate environmental and social considerations into our supply chain and partnerships, completing our first supply chain scope 3 carbon emissions assessment. We continue our Sedex membership, one of the world's leading ethical trade membership organisations, and will continue to ensure all factories supplying Wickes branded products undergo a periodic ethical audit using the SMETA format. All of our imported timber supply chains have been mapped to ensure products continue to come from legal, verified sources, we have introduced a Wickes branded Peat-free multi-purpose compost and have been working on the removal of chromium VI (Cr6) from all Wickes branded products.

We continue to improve our products and packaging, developing a packaging portal for launch this year, that will consolidate all of our packaging data into a single database to allow for improved visibility and management.

We have used the first half of this year to review our environmental impact and to understand where we can make improvements to our strategy and data to continue our work of reducing our emissions and waste across the business. We have set about developing emissions reduction targets that are aligned with the latest climate science, with ambition to set these targets in early 2022.

*IT separation*
Following the decision by the Board of Travis Perkins plc to progress with the demerger of Wickes, the IT separation programme was fully re-mobilised during the first half, having been considerably reduced in scope in 2020. We are currently on track to complete separation of the IT infrastructure away from Travis Perkins within two years of the demerger with an associated 'one off' separation cost of around £40m.

**Financial review**

*Revenue*
Revenue in the first half of 2021 was £812.0m, up 32.5% on 2020 comprising Core revenue of £666.7m up 35.6% and DIFM revenue of £145.3m up 20.2%.

Core revenue performance remained strong throughout the first half with like-for-like sales growth of 36.2% (44.2% compared to H1 2019). Of this growth, c3% reflects price inflation, with commodity cost increases being passed on to consumers through price in the latter part of the first half. Growth was predominantly driven through a higher number of transactions across a broad range of categories, supported by both Local Trade and DIY. As anticipated, Core growth moderated in June on a year on year basis as we annualised the full re-opening of stores following the first lockdown in 2020, remaining strong on a two year basis.

Showrooms in all of our stores remained closed through to mid April, with customer interaction supported by our newly developed virtual showroom journey. DIFM revenue performance has been remarkably resilient with like-for-like sales growth of 20.5% (down (27.9)% compared to H1 2019). There has been notably strong performance from our Bathroom category following a full range review late last year, and installation participation continues to strengthen supporting increasing customer demand for this service.

*Gross Profit*
Gross profit in the first half was £294.8m (36.3% of revenue), up 30.5% on 2020 at £225.9m (36.9% of revenue), a 60 basis point decline in gross profit rate.

As expected the first half of 2021 saw a return to more normalised trading conditions in Core, with promotional activity re-introduced and local trade performing strongly at correspondingly lower levels of margin. The latter part of the period saw cost price inflation passed onto customers to recover value, rather than maintaining gross profit %. Within DIFM, margin reduced, reflecting strong bathroom sales performance from new ranges and increased participation of installation, both of which carry a lower level of margin return than kitchens. Customer delivery participation remained broadly consistent with the prior year against a backdrop of continued Covid restrictions and changing consumer habits; this was partially offset by operating cost leverage through our own distribution channels.

*Adjusted Operating Profit*
Adjusted operating profit in the first half was £61.9m, up from £30.9m in 2020. The current year does not include any government support whilst the prior year comparative includes £17.3m of support (note 5) which was subsequently repaid.

The strong underlying performance is primarily driven by Core sales growth together with operational cost leverage. This was partially offset by a reduction in gross profit margin, additional costs of £1.6m incurred to keep colleagues and customers safe and new ongoing plc costs of £1.9m reflecting partial impact of the demerger.

*Net finance costs*
Finance costs in the first half were £15.4m, reduced from £16.4m in 2020 principally reflecting interest on lease liabilities.

*Adjusting Items*
Pre-tax adjusting items in the first half were £10.8m, reduced from £20.0m in 2020. Costs directly attributable to the demerger of £5.4m were incurred in the first half together with £5.4m of IT separation costs to migrate systems away from the Travis Perkins infrastructure. The IT separation project will scale up in the second half with a two year cost of c£40m, which will enable the business to step away from the transitional services agreement in place with Travis Perkins.

Tax on adjusting items includes a credit of £6.8m arising from the increase in the rate of UK corporation tax effective from 1 April 2023 from 19% to 25%. The legislation enacting this rate increase was substantively enacted prior to 26 June 2021. The rate change recognised at 27 June 2020 (£2.4m) and 26 December 2020 (£2.4m) represents the increase in the rate of UK corporation tax effective from 1 April 2020 from 17% to 19%.

*Profit before tax*
Profit before tax in the first half was £35.7m compared with a loss of £5.5m in the prior year. This improvement in performance was primarily driven by the strong trading results together with a lower level of adjusting items, noting that the prior year benefitted from £17.3m of government support (note 5) which was subsequently repaid.

*Tax*
Tax for the period is charged on profit before tax, based on the forecast effective tax rate for the full financial year. The underlying effective tax rate (before adjusting items) for the 26 weeks ended 26 June 2021 is 21.1% (26 weeks ended 27 June 2020: 17.9%, 52 weeks ended 26 December 2020: 18.0%).

*Capital Investment*
Capital investment in the first half totalled £8.7m comprising £4.5m of investment in our store estate, £1.4m supporting range review activity, £1.7m of investment in our digital IT capability together with £1.1m supporting IT separation. Capital investment will accelerate in the second half as we scale up investment in our levers for growth with a full year investment expected of around £30m.

*Net debt / Cash flow / Working capital*
Net debt reduced to £564.8m and includes the impact of the capital restructure to support demerger from the Travis Perkins Group, which cleared down intercompany balances delivering a prospectus pro-forma opening net debt position of £665.0m (being the pro forma cash in the prospectus of £125.0m less the pro forma lease liabilities of £790.0m).

The net cash position of £204.2m was supported by strong operating cash flow, a favourable working capital position together with an inflow of £123.5m relating to the capital restructure on demerger. Capital and IT separation investment is weighted to the second half supporting the improvement in net cash in the first half of the year and working capital benefit will partially unwind.

Stock at the half year was £162.4m compared with £128.7m in the prior year which was notably temporarily impacted by COVID supply chain disruption. Despite this increase, stock turn strengthened further to 5.6x reflecting the buoyant core trading environment and efficient management of stockholding.

*Dividend*
The first Wickes Group plc interim dividend of 2.1p is proposed in respect of the 53 weeks ending 1 January 2022.

**Updated technical guidance**
The following represents second half and full year guidance:

- Incremental plc and share-based costs of £7m on a full year basis;
- Profit impact of 53rd week neutral;
- Full year interest charge of £31m;
- Full year adjusted tax rate c21%;
- IT separation costs still expected to be c£40m over two years (within adjusting items, H1 21 £5.4m);
- FY21 dividend cash cost c£5.5m.

**Risks & Uncertainties**

The Board has considered the risks and uncertainties for the remaining 27 week period to 1 January 2022 and has determined that the risks presented in the Wickes Group plc Prospectus dated March 2021 remain relevant.

Against a backdrop of ongoing Covid disruption combined with high levels of customer demand across our market, key areas of focus include:

- Management and response to Covid restrictions and the risk that this may impact our ability to trade to our full potential
- Assurance of a safe operating environment for our colleagues and customers
- Disruption to product supply whereby proactive management of the supply chain and maintenance of strong relationships with our suppliers is key
- Monitoring and management of cost inflation, notably passing CPI through into consumer pricing to protect profitability
- Protection and growth of our third party installer network
- Proactive management and retention of key elements of our workforce such as drivers to assure appropriate resources remain in place to support the business
- Continued focus on cyber security risk

A robust framework of monitoring and managing risk has been established following demerger which reports through the Audit & Risk Committee.

**Appendix - Quarterly like-for-like sales growth**

| % | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Core** | 9.4 | 3.1 | 30.3 | 35.1 | 18.8 |
| **DIFM** | (4.4) | (74.6) | (13.0) | (14.9) | (27.8) |
| **Total** | **4.9** | **(18.9)** | **18.2** | **20.0** | **5.0** |
| | | | | | |
| **2021** | | | | | |
| **Core:** | | | | | |
| - YoY | 38.5 | 34.2 | | | |
| *- Yo2Y* | *51.5* | *38.4* | | | |
| **DIFM:** | | | | | |
| - YoY | (25.0) | 185.7 | | | |
| *- Yo2Y* | *(28.3)* | *(27.5)* | | | |
| **Total** | | | | | |
| **YoY** | **19.7** | **47.6** | | | |
| ***Yo2Y*** | ***25.6*** | ***19.7*** | | | |

## Condensed consolidated income statement

| £m | Adjusted | Adjusting items (note 2) | Total | Adjusted | Adjusting items (note 2) | Total | Adjusted | Adjusting items (note 2) | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | **26 weeks ended 26 June 2021** | | | 26 weeks ended 27 June 2020 | | | 52 weeks ended 26 December 2020 |
| Revenue (note 3) | 812.0 | - | **812.0** | 612.7 | - | **612.7** | 1,346.9 | - | **1,346.9** |
| Cost of sales | (517.2) | - | **(517.2)** | (386.8) | - | **(386.8)** | (837.8) | - | **(837.8)** |
| **Gross profit** | 294.8 | - | **294.8** | 225.9 | - | **225.9** | 509.1 | - | **509.1** |
| Selling costs | (165.0) | - | **(165.0)** | (140.9) | - | **(140.9)** | (323.5) | - | **(323.5)** |
| Administrative expenses | (67.9) | (10.8) | **(78.7)** | (54.1) | (20.0) | **(74.1)** | (104.0) | (20.6) | **(124.6)** |
| **Operating profit (note 15)** | 61.9 | (10.8) | **51.1** | 30.9 | (20.0) | **10.9** | 81.6 | (20.6) | **61.0** |
| Net finance costs (note 4) | (15.4) | - | **(15.4)** | (16.4) | - | **(16.4)** | (32.1) | - | **(32.1)** |
| **Profit / (loss) before tax** | 46.5 | (10.8) | **35.7** | 14.5 | (20.0) | **(5.5)** | 49.5 | (20.6) | **28.9** |
| Tax (note 6) | (9.8) | 8.1 | **(1.7)** | (2.6) | 6.0 | **3.4** | (8.9) | 6.3 | **(2.6)** |
| **Profit / (loss) for the period** | 36.7 | (2.7) | **34.0** | 11.9 | (14.0) | **(2.1)** | 40.6 | (14.3) | **26.3** |
| **Earnings per ordinary share (note 10)** | | | | | | | | | |
| Basic and diluted | | | **13.5p** | | | (0.8)p | | | 10.4p |
| Adjusted basic and diluted | | | **14.6p** | | | 4.7p | | | 16.1p |
| Total dividend declared per share (note 11)* | | | **2.1p** | | | n/a | | | n/a |

There are no recognised gains and losses other than those included in the Income Statement above and therefore no separate Statement of Other Comprehensive Income has been presented.

* Dividend payments before the demerger date from Wickes Building Supplies Ltd to Travis Perkins plc are not included in the calculation of the Earnings Per Share

## Condensed consolidated balance sheet

| £m | As at 26 June 2021 | As at 27 June 2020 | As at 26 December 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | **8.4** | 8.4 | 8.4 |
| Other intangible assets | **12.7** | 12.9 | 12.3 |
| Property, plant and equipment | **99.1** | 105.2 | 103.1 |
| Right-of-use assets | **631.1** | 687.8 | 654.2 |
| Deferred tax assets | **31.1** | 26.5 | 24.0 |
| Total non-current assets | **782.4** | 840.8 | 802.0 |
| **Current assets** | | | |
| Inventories | **162.4** | 128.7 | 138.3 |
| Trade and other receivables (note 8) | **83.5** | 249.8 | 261.6 |
| Derivative financial instruments | **0.5** | - | - |
| Cash and cash equivalents | **204.2** | 42.1 | 6.5 |
| Total current assets | **450.6** | 420.6 | 406.4 |
| Total assets | **1,233.0** | 1,261.4 | 1,208.4 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital (note 9) | **26.0** | 25.2 | 25.2 |
| Other reserves | **(786.5)** | (785.7) | (785.7) |
| Retained earnings | **895.4** | 861.7 | 890.3 |
| Total equity | **134.9** | 101.2 | 129.8 |
| **Non-current liabilities** | | | |
| Lease liabilities | **691.7** | 754.0 | 712.8 |
| Long-term provisions | **-** | 0.3 | 0.3 |
| Total non-current liabilities | **691.7** | 754.3 | 713.1 |
| **Current liabilities** | | | |
| Lease liabilities | **77.3** | 76.5 | 77.2 |
| Trade and other payables | **317.0** | 313.8 | 277.9 |
| Short-term provisions | **12.1** | 15.6 | 10.4 |
| Total current liabilities | **406.4** | 405.9 | 365.5 |
| Total liabilities | **1,098.1** | 1,160.2 | 1,078.6 |
| Total equity and liabilities | **1,233.0** | 1,261.4 | 1,208.4 |

The interim condensed consolidated financial statements of Wickes Group plc, registered number 12189061 were approved by the Board of Directors on 16 September 2021 and signed on its behalf by:

David Wood
Chief Executive Officer

Julie Wirth
Chief Financial Officer

## Condensed consolidated statement of changes in equity

| £m | Issued share capital | Share premium account | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| At 26 December 2020 | 25.2 | - | (785.7) | 890.3 | 129.8 |
| Total comprehensive profit for the period | - | - | - | 34.0 | 34.0 |
| Issue of share capital | 0.8 | - | (0.8) | - | - |
| Dividend | - | - | - | (30.0) | (30.0) |
| Equity-settled share-based payments | - | - | - | 1.1 | 1.1 |
| **At 26 June 2021** | **26.0** | **-** | **(786.5)** | **895.4** | **134.9** |

| £m | Issued share capital | Share premium account | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| At 28 December 2019 | 25.2 | 862.3 | (785.7) | 176.8 | 278.6 |
| Total comprehensive loss for the period | - | - | - | (2.1) | (2.1) |
| Share capital reduction | - | (862.3) | - | 862.3 | - |
| Dividend | - | - | - | (176.1) | (176.1) |
| Equity-settled share-based payments | - | - | - | 0.8 | 0.8 |
| At 27 June 2020 | 25.2 | - | (785.7) | 861.7 | 101.2 |

| £m | Issued share capital | Share premium account | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| At 28 December 2019 | 25.2 | 862.3 | (785.7) | 176.8 | 278.6 |
| Total comprehensive profit for the period | - | - | - | 26.3 | 26.3 |
| Share capital reduction | - | (862.3) | - | 862.3 | - |
| Dividend | - | - | - | (176.8) | (176.8) |
| Equity-settled share-based payments | - | - | - | 1.7 | 1.7 |
| At 26 December 2020 | 25.2 | - | (785.7) | 890.3 | 129.8 |

## Condensed consolidated cash flow statement

| £m | 26 weeks ended 26 June 2021 | 26 weeks ended 27 June 2020 | Restated* 52 weeks ended 26 December 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Operating profit** | **51.1** | 10.9 | 61.0 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | **9.7** | 11.0 | 21.3 |
| Depreciation of right-of-use assets | **37.3** | 38.1 | 77.3 |
| Amortisation and impairment of intangible assets | **2.5** | 2.1 | 4.5 |
| Impairment of tangible assets | **-** | 12.1 | 12.1 |
| Gains on termination of leases | **(0.9)** | (1.9) | (1.9) |
| Share-based payments | **1.1** | 0.8 | 1.7 |
| Losses on disposal of property, plant and equipment | **0.4** | 0.4 | 1.6 |
| **Operating cash flows** | **101.2** | 73.5 | 177.6 |
| (Increase) / decrease in inventories | **(24.1)** | 21.6 | 12.1 |
| (Increase) / decrease in receivables | **(10.8)** | (8.4) | 27.1 |
| Increase in payables | **77.2** | 101.0 | 43.8 |
| **Cash generated from operations** | **143.5** | 187.7 | 260.6 |
| Interest paid | **(0.2)** | (0.1) | (0.1) |
| Interest on lease liabilities | **(15.7)** | (16.3) | (32.0) |
| Income taxes paid | **(6.5)** | (9.0) | (17.3) |
| **Net cash inflow from operating activities** | **121.1** | 162.3 | 211.2 |
| **Cash flows from investing activities** | | | |
| Proceeds on disposal of property, plant and equipment | **-** | - | 0.2 |
| Development of computer software | **(2.8)** | (0.6) | (2.9) |
| Purchases of property, plant and equipment | **(5.9)** | (7.7) | (17.2) |
| Net repayments from / (cash advances to) Travis Perkins group | **123.5** | (100.0) | (134.4) |
| **Net cash inflow / (outflow) from investing activities** | **114.8** | (108.3) | (154.3) |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | **(38.2)** | (37.3) | (75.8) |
| **Net cash outflow from financing activities** | **(38.2)** | (37.3) | (75.8) |
| **Net increase / (decrease) in cash and cash equivalents** | **197.7** | 16.7 | (18.9) |
| Cash and cash equivalents at the beginning of the period | **6.5** | 25.4 | 25.4 |
| Cash and cash equivalents at the end of the period | **204.2** | 42.1 | 6.5 |

*see Note 1 to the interim financial statements

## Notes to the interim financial statements

## 1. General information and accounting policies

The condensed consolidated interim financial statements ('interim financial statements') have been prepared on the historical cost basis, except that certain financial instruments including derivative instruments are stated at their fair value. The interim financial statements include the accounts of the Company and all its subsidiaries ("the Group").

**Basis of preparation**

The financial information for the 26 weeks ended 26 June 2021 and 27 June 2020 is unaudited. The 26 June 2021 information has been reviewed by KPMG LLP, the Group's auditor, and a copy of their review report appears on pages 27 and 28 of this interim report.

The comparative figures for the 52 weeks ended 26 December 2020 do not constitute statutory accounts for that financial year. The Company statutory accounts were prepared in accordance with Financial Reporting Standard ("FRS 102") issued by the Financial Reporting Council and the Companies Act 2006 and were reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor on those accounts (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006. The Company was exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements.

The Company prepared non-statutory consolidated financial statements for the 52 weeks ended 26 December 2020, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, which has been presented in the Wickes Group plc Prospectus in March 2021. The Group first adopted IFRS in its preparation of the non-statutory consolidated financial statements which have been presented in the Wickes Group plc Prospectus in March 2021.

The unaudited interim financial statements for the 26 weeks ended 26 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The annual financial statements of the Group for the 53 weeks ending 1 January 2022 will be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published non-statutory consolidated financial statements for the 52 weeks ended 26 December 2020. The 2020 full year non-statutory financial statements as disclosed in the Company's Prospectus are available on the Wickes Group plc website (www.wickesplc.co.uk).

**Summary of impact of Group restructure and listing of shares on the London Stock Exchange**

On 28 April 2021, the Group, which comprises the Company and its subsidiaries (Wickes Group Holdings Limited, Wickes Building Supplies Limited, Wickes Finance Limited and Wickes Holdings Limited) listed its shares on the London Stock Exchange and was admitted to the premium segment of the Official List of the Financial Conduct Authority.

Prior to admission, the aforementioned entities undertook a restructure in order to put in place the current Group structure.

On 17 March 2020, the Company acquired Wickes Group Holdings Limited by means of a share-for-share exchange, and Wickes Group Holdings Limited acquired Wickes Building Supplies Limited and Wickes Finance Limited by means of a share-for-share exchange ("the Capital Reorganisation"), in order to put in place a new parent company and intermediate parent company for Wickes Building Supplies Limited and Wickes Finance Limited, which comprise the assets and liabilities used in managing and operating the Wickes home improvement business.

The Capital Reorganisation falls outside the scope of IFRS 3 "Business Combinations" and has been accounted for using the principles of predecessor accounting using the carrying amounts of assets and liabilities included in the financial statements of the acquired entities. This policy reflects the economic substance of the transactions and means that, although the Capital Reorganisation did not become effective until 17 March 2020, the consolidated financial statements have been prepared as if the Group had been in existence throughout the periods presented.

## Notes to the interim financial statements

## 1. General information and accounting policies *(continued)*

The share capital issued as consideration is treated as if it had existed from the earliest period presented. This presentation of share capital results in the creation of the other reserves in the consolidated balance sheet. The other reserves represent the difference between the carrying values of the assets and liabilities of the parties to the Capital Reorganisation, which are not required to be adjusted to fair value on acquisition, and the nominal value and premium of the shares issued.

On 18 March 2020, after the Capital Reorganisation, the Company undertook a capital reduction and the entire balance on the share premium account of £862.3m was reduced and credited to retained earnings.

Ahead of the date of demerger and in order to establish an appropriate capital structure for the independent Group, cash of £123.5 million was received from Travis Perkins plc, through repayment of existing intercompany receivables. The remaining intercompany receivables were settled through a non-cash dividend to Travis Perkins plc (£30 million), and a non-cash transaction whereby Travis Perkins plc settled the repayment of 2020 rates on behalf of the Group (£32.6 million).

**Going concern**

The interim financial statements have been prepared on the going concern basis which the Directors consider appropriate for the following reasons.

Although the rapidly changing economic conditions caused by Covid-19 have affected the Group's DIFM (Do-it-for-me) sales, the Group has remained resilient and sales have returned to a strong position since re-opening of the DIFM in-store showrooms, producing strong cash and trading results.

The Group manages its day-to-day working capital requirements through cash generated from its operating activities and the proceeds received from Travis Perkins when the Group demerged from the Travis Perkins Group on 28 April 2021. In March 2021 the Group negotiated a revolving credit facility of £80m with associated covenants. As at the date of approval of these interim financial statements the revolving credit facility remains undrawn.

The Directors have prepared cash flow forecasts, including severe but plausible downside scenarios, for a period of at least 12 months from the date of approval of these interim financial statements. These forecasts indicate that the Group is able to operate within its current facilities and comply with its banking covenants. The Directors however remain watchful of ongoing Covid impact and are aware that the Group is exposed to a number of risks and uncertainties, which could affect the Group's ability to meet its forecasts.

The Directors believe that the Group has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully. The Directors have undertaken a detailed going concern assessment which entails assessing the Group's current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these interim financial statements.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the interim financial statements and therefore have prepared the interim financial statements on a going concern basis.

**Prior year restatement**

Following reconsideration in the current period, the cash flow statement for the period ended 26 December 2020 presented in the Wickes Group plc Prospectus has been restated to reclassify certain cash flows between the group and entities in the group headed by its previous parent, Travis Perkins plc as follows:

Cash advanced to Travis Perkins plc group entities had previously been presented as operating cash flows (included in the movement in receivables). In accordance with the requirements of IAS 7 para 16, these cash flows have been re-presented as investing cash flows. The effect of this adjustment is that the net cash inflow from operating activities and net cash outflow from investing activities have increased by £134.4 million. There has been no change in the net increase/(decrease) in cash and cash equivalents as a result of this restatement. The restatement has no effect on reported profit or net assets for any period presented.

## Notes to the interim financial statements

## 1. General information and accounting policies *(continued)*

**New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period and the Group has applied the following requirements:

- Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and annual improvements on various IFRS
- Classification of liabilities, presentation of financial statements
- Interest Rate Benchmark Reform; amendments to IFRS 9, IAS 39 and IFRS 7

The above requirements did not have a material impact on the Group and have been adopted without restating comparative information.

## 2. Adjusting items

Adjusting items are those items of income and expenditure that, by reference to the Group, are material in size or unusual in nature or incidence and that in the judgement of the Directors should be disclosed separately on the face of the financial statements to ensure both that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant restructurings, significant write downs or impairments of current and non-current assets, the costs of demerging and listing the business, the associated costs of separating the business from the Travis Perkins Group's IT systems, and the effect of changes in corporation tax rates on deferred tax balances.

To enable a reader of the interim financial statements to obtain a fuller understanding of the underlying trading and to allow comparability between periods and give a better indication of potential future periods, the Directors have presented the items below separately in the income statement.

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| **Adjusting items – operating** | | | |
| Demerger related costs | **5.4** | 0.6 | 0.6 |
| Store impairment charge | **-** | 10.2 | 10.2 |
| IT separation project costs | **5.4** | 7.0 | 7.6 |
| Restructuring costs | **-** | 2.2 | 2.2 |
| | **10.8** | 20.0 | 20.6 |
| **Adjusting items – tax** | | | |
| Tax on adjusting items | **(1.3)** | (3.6) | (3.9) |
| Adjusting items – deferred tax rate change | **(6.8)** | (2.4) | (2.4) |
| | **(8.1)** | (6.0) | (6.3) |
| | **2.7** | 14.0 | 14.3 |

**Demerger related costs**

Demerger related costs are the costs incurred during the process of demerging the Wickes business from the Travis Perkins plc group. Costs predominantly relate to professional services fees.

## 2. Adjusting items *(continued)*

### Store impairment charge

No impairment charge has been identified in the 26 weeks ended 26 June 2021.

The Covid-19 pandemic and related government restrictions implemented on 23 March 2020 was considered an impairment trigger and as a result all stores were tested for impairment. These impairment reviews resulted in a £12.1m impairment charge in respect of right-of-use assets, which were the only material assets of these stores in the prior period. This charge is stated net of £1.9m of gains on the termination of leases where the right-of-use asset had previously been impaired and presented as an adjusting item in both the 26 weeks ended 27 June 2020 and 52 weeks ended 26 December 2020.

### IT separation project costs

IT separation project costs are the costs incurred to enable the Wickes Group to operate an entirely standalone IT environment from the Travis Perkins Group. These costs have included the costs of creating standalone versions of already existing systems, of transferring data from Travis Perkins systems onto these standalone systems, of upgrading some older legacy systems to newer “software as a service” solutions, and of managing the project. Costs related to maintenance and licence of existing systems are included in underlying trading as these costs will continue after the separation project is concluded: where costs meet the definition of an intangible asset they have been capitalised, and future amortisation will be included in underlying trading.

### Restructuring costs

There were no restructuring costs in the 26 weeks ended 26 June 2021.

The restructuring charge of £2.2m in the 26 weeks ended 27 June 2020 and 52 weeks ended 26 December 2020 relates to the cost-reduction programmes announced for the Wickes business in June 2018 and May 2020 and consist of redundancy and reorganisation costs in the business.

### Deferred tax rate change

The tax charge includes an adjusting credit of £6.8m (26 weeks ended 27 June 2020: £2.4m, 52 weeks ended 26 December 2020: £2.4m) arising from the increase in the rate of UK corporation tax effective from 1 April 2023 from 19% to 25%. The legislation enacting this rate increase was substantively enacted prior to 26 June 2021.

The deferred tax credit of £2.4m in the 26 weeks ended 27 June 2020 and 52 weeks ended 26 December 2020 arises from the increase in the rate of UK corporation tax effective on 1 April 2020 from 17% to 19%.

## 3. Revenue

The Group has one operating segment in accordance with IFRS 8 ‘Operating Segments’, which is the retail of home improvement products and services, both in stores and online.

The Chief Operating Decision Maker is the Board of Directors of Wickes Group plc. Internal management reports are reviewed by them on a regular basis. Performance of the segment is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation.

The Group identifies two distinct revenue streams within its operating segment which are analysed below.

Both activities operate almost exclusively in the United Kingdom. The Group’s revenue is driven by a large number of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

## Notes to the interim financial statements

### 3. Revenue *(continued)*

#### a) Revenue

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Core (product sales) | **666.7** | 491.8 | 1,072.4 |
| Do-it-for-me (project sales) | **145.3** | 120.9 | 274.5 |
| | **812.0** | 612.7 | 1,346.9 |

#### b) Revenue reconciliation and like-for-like sales

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Revenue | **812.0** | 612.7 | 1,346.9 |
| *Core (product sales)* | ***666.7*** | *491.8* | *1,072.4* |
| *Do-it-for-me (project sales)* | ***145.3*** | *120.9* | *274.5* |
| Network change | **(0.3)** | (0.2) | - |
| Revenue (like-for-like basis) | **811.7** | 612.5 | 1,346.9 |
| Prior period revenue | **612.7** | 671.7 | 1,292.4 |
| Prior period network change | **(2.7)** | (5.6) | (10.1) |
| Prior period revenue (like-for-like basis) | **(610.0)** | (666.1) | (1,282.3) |
| Increase / (decrease) arising on a like-for-like basis | **201.7** | (53.6) | 64.6 |
| Like-for-like Sales Growth (%) | **33.1%** | (8.0)% | 5.0% |
| Core (product sales) Like-for-like Sales Growth | **36.2%** | 5.9% | 18.8% |
| Do-it-for-me (project sales) Like-for-like Sales Growth | **20.5%** | (40.1)% | (27.8)% |

Calculating like-for-like sales enables management to monitor the performance trend of the business period-on-period. It also gives management a good indication of the health of the business compared to competitors.

Like-for-like sales are a measure of sales performance for two successive periods. Branches contribute to like-for-like sales once they have been trading for more than twelve months. Revenue included in like-for-like sales is for the equivalent times in both years being compared. When branches close revenue is excluded from the prior year figures for the months equivalent to the post closure period in the current year.

## Notes to the interim financial statements

## 4. Net finance costs

**Net finance costs**

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| **Finance income** | | | |
| Net gains on remeasurement of foreign currency derivatives | **0.5** | - | - |
| | **0.5** | - | - |
| **Finance costs** | | | |
| Interest on lease liabilities | **(15.7)** | (16.3) | (32.0) |
| Other interest | **(0.2)** | (0.1) | (0.1) |
| | **(15.9)** | (16.4) | (32.1) |
| Net finance costs | **(15.4)** | (16.4) | (32.1) |

The net gains on remeasurement of foreign currency derivatives relate to the movement in the fair value of foreign currency forward contracts. No hedge accounting is applied and all movements in the fair value of derivatives is recognised in the income statement as net finance costs. There were no derivative financial instruments in the comparative periods presented.

## 5. Government grants and other support

The UK government has offered a range of financial support packages to help companies affected by coronavirus, including the furlough scheme and business rates holidays. The Group has received the following benefits from these support packages:

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Government grants from furlough scheme | **-** | 6.1 | 6.4 |
| Business rates relief | **-** | 11.2 | 32.6 |
| | **-** | 17.3 | 39.0 |
| Government grants and business rates relief refunded | **-** | - | (39.0) |
| | **-** | 17.3 | - |

No government grants from the furlough scheme or business rates relief were received in the 26 weeks ended 26 June 2021.

For the 52 weeks ended 26 December 2020, the grants from the furlough scheme of £6.4m received in the initial Covid outbreak was repaid in December 2020 while the business rates relief received of £32.6m was repaid in March 2021. For the 26 weeks ended 27 June 2020, the amount of grants from the furlough scheme included in the Income Statement within Selling costs was £4.8m (52 weeks ended 26 December 2020: £nil) and within Cost of Sales was £1.3m (52 weeks ended 26 December 2020: £nil). For the 26 weeks ended 27 June 2020, the amount of business rates relief included in the Income Statement within Selling costs was £11.2m (52 weeks ended 26 December 2020: £nil).

## Notes to the interim financial statements

### 6. Tax

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| **Current tax** | | | |
| - current year | **8.9** | 3.8 | 7.3 |
| - prior year | **-** | 0.1 | 0.1 |
| Total current tax | **8.9** | 3.9 | 7.4 |
| **Deferred tax** | | | |
| - current year | **(7.2)** | (6.8) | (2.0) |
| - prior year | **-** | (0.5) | (2.8) |
| Total deferred tax | **(7.2)** | (7.3) | (4.8) |
| Total tax charge / (credit) | **1.7** | (3.4) | 2.6 |

Tax for the interim period is charged on profit before tax, based on the best estimate of the corporate tax rate for the full financial year. The underlying effective tax rate (before adjusting items) for the 26 weeks ended 26 June 2021 is 21.1% (26 weeks ended 27 June 2020: 17.9%, 52 weeks ended 26 December 2020: 18.0%).

### 7. Retirement benefit obligations

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the Income Statement in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Difference between the contributions payable in the year and contribution actually paid are shown as either accruals or prepayments in the balance sheet.

Contributions made to the plan (a defined contribution scheme) during the period were:

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Contributions paid to defined contribution scheme | **2.0** | 1.9 | 4.0 |
| | **2.0** | 1.9 | 4.0 |

# Notes to the interim financial statements

## 8. Trade and other receivables

| £m | **As at 26 June 2021** | As at 27 June 2020 | As at 26 December 2020 |
|---|---|---|---|
| Trade receivables | **51.7** | 53.1 | 43.7 |
| Allowance for doubtful debts | **(1.3)** | (0.5) | (0.6) |
| | **50.4** | 52.6 | 43.1 |
| Amounts owed by Travis Perkins undertakings | **-** | 176.6 | 186.1 |
| Other receivables | **25.3** | 16.2 | 28.9 |
| Prepayments | **7.8** | 4.4 | 3.5 |
| | **83.5** | 249.8 | 261.6 |

Trade receivables represent amounts due from third parties providing finance to the Group's customers. These amounts are payable to the Group by the financing providers following the delivery of the financed goods or the completion of DIFM project installation. Cash received from third parties providing finance to the Group's customers is recognised in the Cash Flow Statement as an operating cash flow.

The Group does not retain consumer credit risk in respect of these financed sales and does not provide credit services directly to customers.

Other receivables represent amounts due from suppliers for rebates of £20.1m (26 weeks ended 27 June 2020: £13.3m, 52 weeks ended 26 December 2020: £21.8m) to the Group.

## 9. Share capital

| | Allotted No. | £m |
|---|---|---|
| Ordinary shares of 10p: | | |
| At 27 December 2020 | **252,143,923** | **25.2** |
| Allotted under share option schemes | **7,494,075** | **0.8** |
| **At 26 June 2021** | **259,637,998** | **26.0** |

Further to a prospectus of the Group dated 24 March 2021, the Group issued and allotted 6,557,475 ordinary shares at 10 pence each on the 17 June 2021 to the trustee of the Group's employee benefit trust. In addition and on the same date, the Group issued and allotted a further 936,600 ordinary shares of 10 pence each to the trustee of the Group's Share Incentive Plan. These shares were issued to support the employee share schemes put in place at the point of demerger.

The ordinary shares issued and allotted to the trustees of the Group's employee benefit trust and Share Incentive Plan were not granted as at 26 June 2021 and therefore, not included within the diluted earnings per share shown below.

Share-based payments made during the period ended 26 June 2021 relate to pre-demerger charges for Wickes employees under the Travis Perkins share schemes.

## Notes to the interim financial statements

### 10. Earnings per share

#### a) Basic and diluted earnings per share

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Profit / (loss) attributable to the owners of the parent from continuing operations | **34.0** | (2.1) | 26.3 |
| No. | | | |
| Weighted average number of shares in issue (excluding treasury shares) | **252,143,923** | 252,143,923 | 252,143,923 |
| Dilutive effect of share options | **-** | - | - |
| Weighted average number of shares for diluted earnings per share (excluding treasury shares) | **252,143,923** | 252,143,923 | 252,143,923 |
| Earnings / (loss) per share | **13.5p** | (0.8)p | 10.4p |
| Diluted earnings / (loss) per share | **13.5p** | (0.8)p | 10.4p |

#### b) Adjusted earnings per share

Adjusted earnings per share are calculated by excluding the effects of the adjusting items from earnings.

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Profit / (loss) attributable to the owners of the parent from continuing operations | **34.0** | (2.1) | 26.3 |
| Adjusting items | **10.8** | 20.0 | 20.6 |
| Tax on adjusting items | **(1.3)** | (3.6) | (3.9) |
| Adjusting items – deferred tax | **(6.8)** | (2.4) | (2.4) |
| Earnings for adjusted earnings per share | **36.7** | 11.9 | 40.6 |
| Adjusted earnings per share | **14.6p** | 4.7p | 16.1p |
| Adjusted diluted earnings per share | **14.6p** | 4.7p | 16.1p |

### 11. Dividends

In the periods before the demerger date, dividend payment of £30.0m was recognised in the financial statements as distributions to the former sole shareholder, Travis Perkins plc, in the 26 weeks period ended 26 June 2021 (26 weeks ended 27 June 2020: £176.1m, 52 weeks ended 26 December 2020: £176.8m).

An interim dividend of 2.1p is proposed in respect of the 53 weeks ending 1 January 2022. It will be paid on 1 November 2021 to shareholders on the register at the close of business on 24 September 2021 (the Record Date). The shares will be quoted ex-dividend on 23 September 2021.

Shareholders may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 11 October 2021.

## Notes to the interim financial statements

## 12. Borrowings

At the period end, the Group had the following borrowing facilities available:

| £m | **As at 26 June 2021** | As at 27 June 2020 | As at 26 December 2020 |
|---|---|---|---|
| **Undrawn facilities:** | | | |
| 3-year committed revolving credit facility (expires March 2024) | **80.0** | - | - |
| | **80.0** | - | - |

The Group continues to work closely with its relationship banking syndicate. Despite the strong liquidity position, given the impact of the Covid-19 crisis and the resulting lockdown period, the Group secured a £80million, 3-year revolving credit facility on 23 March 2021 as part of the demerger process. The revolving credit facility was not utilised in the period. The Group does not have an overdraft facility as at 26 June 2021 (26 weeks ended 27 June 2020 and 52 weeks ended 26 December: no facility).

## 13. Net debt

***Movement in the period***

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Cash and cash equivalent at beginning of the period | **(6.5)** | (25.4) | (25.4) |
| Net (repayments from) / cash advances to Travis Perkins group | **(123.5)** | 100.0 | 134.4 |
| Increase in cash and cash equivalents - other | **(74.2)** | (116.7) | (115.5) |
| Cash and cash equivalents at end of the period | **(204.2)** | (42.1) | (6.5) |
| Debt at beginning of the period | **790.0** | 855.0 | 855.0 |
| Cash flows from repayment of lease liabilities | **(53.9)** | (53.6) | (107.8) |
| Discount unwind on lease liability | **15.7** | 16.3 | 32.0 |
| Lease additions | **18.1** | 12.9 | 15.0 |
| Lease terminations | **(0.9)** | (0.1) | (4.2) |
| Debt at end of the period | **769.0** | 830.5 | 790.0 |
| Net debt at beginning of the period | **783.5** | 829.6 | 829.6 |
| Net debt at end of the period | **564.8** | 788.4 | 783.5 |

## Notes to the interim financial statements

## 13. Net debt *(continued)*

During the 26 weeks period ended 26 June 2021, the Group received £156.1m cash settlement of certain intercompany balances owed by the Travis Perkins Group as part of the pre-Demerger Reorganisation.

***Balances at period end***

| £m | **As at 26 June 2021** | As at 27 June 2020 | As at 26 December 2020 |
|---|---|---|---|
| Cash and cash equivalents | **(204.2)** | (42.1) | (6.5) |
| Non-current lease liabilities | **691.7** | 754.0 | 712.8 |
| Current lease liabilities | **77.3** | 76.5 | 77.2 |
| Net debt | **564.8** | 788.4 | 783.5 |

## 14. Related party transactions

The Group has a related party relationship with its subsidiaries, with its Directors and up to the date of the demerger had related party relationships with Travis Perkins Group companies. There have been no related party transactions with Directors other than in respect of remuneration. Transactions with the Travis Perkins Group companies relate to the purchase of goods and lease arrangements before the demerger date of 28 April 2021 and are detailed below. The Travis Perkins Group companies ceased to be related parties after the demerger date and therefore there are no further related parties transactions after that date.

Purchases of £0.9m (26 weeks ended 27 June 2020: £1.2m, 52 weeks ended 26 December 2020: £2.8m) were made from other entities in the Travis Perkins group, of which £0.4m (26 weeks ended 27 June 2020: £0.4m, 52 weeks ended 26 December 2020: £1.0m) remained due at the period-end. Rental payments of £0.9m (26 weeks ended 27 June 2020: £2.8m, 52 weeks December 2020: £4.7m) were made to other entities in the Travis Perkins group, of which £nil (26 weeks ended 27 June 2020: £nil, 52 weeks ended 26 December 2020: £0.2m) remained due at the period-end. Rental income of £0.4m (26 weeks ended 27 June 2020: £0.7m, 52 weeks ended 26 December 2020: £2.1m) was received, of which £nil (26 weeks ended 27 June 2020: £nil, 52 weeks ended 26 December 2020: £nil) remained due at the period-end.

## 15. Non-statutory information

### a) Adjusted operating profit

Adjusted operating profit is calculated by excluding the effects of adjusting items from operating profit.

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | 52 weeks ended 26 December 2020 |
|---|---|---|---|
| Operating profit | **51.1** | 10.9 | 61.0 |
| Adjusting items (note 2) | **10.8** | 20.0 | 20.6 |
| Adjusted operating profit | **61.9** | 30.9 | 81.6 |

## Notes to the interim financial statements

## 15. Non-statutory information *(continued)*

### b) Adjusted profit before tax

Adjusted profit before tax is calculated by excluding the effects of adjusting items from profit before tax.

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | Year ended 26 December 2020 |
|---|---|---|---|
| Profit / (loss) before tax | **35.7** | (5.5) | 28.9 |
| Adjusting items (note 2) | **10.8** | 20.0 | 20.6 |
| Adjusted profit before tax | **46.5** | 14.5 | 49.5 |

### c) Adjusted EBITDA

Adjusted EBITDA is calculated by excluding depreciation, amortisation and adjusting items from operating profit.

| £m | **26 weeks ended 26 June 2021** | 26 weeks ended 27 June 2020 | Year ended 26 December 2020 |
|---|---|---|---|
| Operating profit | **51.1** | 10.9 | 61.0 |
| Depreciation and amortisation | **49.5** | 51.2 | 103.1 |
| EBITDA | **100.6** | 62.1 | 164.1 |
| Adjusting items (note 2) | **10.8** | 20.0 | 20.6 |
| Adjusted EBITDA | **111.4** | 82.1 | 184.7 |

## DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 – Interim Financial Reporting, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;

- The Interim Management Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial period and their impact on the condensed set of interim financial statements; and a description of the principal risks and uncertainties for the remaining 27 weeks of the reporting period; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

| | |
|---|---|
| David Wood | Julie Wirth |
| Chief Executive Officer | Chief Financial Officer |
| 16 September 2021 | 16 September 2021 |

## INDEPENDENT REVIEW REPORT TO WICKES GROUP PLC

### Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Interim Results 2021 for the 26 weeks ended 26 June 2021 which comprises the Condensed consolidated income statement, the Condensed consolidated balance sheet, the Condensed consolidated statement of changes in equity, the Condensed consolidated cash flow statement, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Results 2021 for the 26 weeks ended 26 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Disclosure Guidance and Transparency Rules (" the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Results 2021 and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Other matter – prior period interim financial statements

The Company has not previously produced an Interim Results report containing a condensed set of consolidated financial statements for this entity. Therefore, there was no review performed by an independent auditor. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the 26 weeks ended 27 June 2020.

### Directors' responsibilities

The Interim Results 2021 is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results 2021 in accordance with the DTR of the UK FCA.

As disclosed in note 1, the non-statutory consolidated financial statements for the 52 weeks ended 26 December 2020 were prepared in accordance with and international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The directors are responsible for preparing the condensed set of financial statements included in the Interim Results 2021 in accordance with IAS 34 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

## INDEPENDENT REVIEW REPORT TO WICKES GROUP PLC *(continued)*

**Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Interim Results 2021 based on our review.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

**Andrew Cawthray**
**for and on behalf of KPMG LLP**
*Chartered Accountants*
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

16 September 2021