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28 November 2023

Brickability Group PLC

("Brickability" or "the Group")

Interim Results for the six months ended 30 September 2023

Brickability Group PLC (AIM: BRCK), the leading construction materials distributor, today announces its unaudited interim results for the six months ended 30 September 2023 ("H1 FY24").

H1 FY24 Financial Highlights

- Revenue of £324.8m, a decrease of 7.9% compared to H1 FY23 (H1 FY23: £352.7m) and a 14.4% reduction on a like-for-like(1) basis
- Gross profit of £55.0m (H1 FY23: £54.9m)
- Increased gross profit margin of 16.9% (H1 FY23: 15.6%)
- Adjusted EBITDA(2) increased slightly to £25.6m (H1 FY23: £25.5m(3))
- Adjusted Profit before tax(4) decreased by 2.7% to £21.8m (H1 FY23: £22.4m(3))
- Statutory Profit before tax increased by 8.8% to £16.0m (H1 FY23: £14.7m(3))
- Statutory EPS increased by 1.1% to 3.78p (H1 FY23: 3.74p)
- Adjusted EPS(5) decreased by 11.7% to 5.30p (H1 FY23: 6.00p)
- Net debt(6) as at 30 September 2023 of £30.9m (H1 FY23: £27.4m)
- Increased Interim dividend of 1.07 pence per share (H1 FY23: 1.01 pence)

Operational Highlights

- Resilient performance across the Group in the first half of FY23, despite macroeconomic and geopolitical backdrop.
- Particularly strong performance in the Contracting and Distribution divisions, highlighting the benefit of the Group's diversification strategy.

Post Period and Outlook

- Strategic acquisition announced in October of Group Topek Holdings Limited ("Topek") which means the Group now has a full range of cladding capabilities, as well as significantly increasing the Group's presence in the cladding remediation market.
- Borrowing facility increased to an initial £100m, from £60m, providing the Group with additional liquidity headroom to fund the Group's working capital requirements and potential further acquisitions.
- Proportion of brick revenues now reduced to c.50% of Group revenues as the Company's strategic focus on diversification continues to yield substantial benefits.
- As previously announced by the Company on 11 October 2023, the Board expects that forecast reductions in newbuild volumes will have a corresponding impact upon the performance of the Group's existing businesses throughout the second half of the current financial year.
- The acquisition pipeline continues to be exciting, and targeted growth against our robust acquisition criteria will continue.
- The Board remains confident in the Group's ability to continue to deliver on its strategic objectives.
- Increased interim dividend reflects the performance of the business in the half year and the Board's confidence in the longer-term outlook for the Group.

(1) like-for-like ("LFL") revenue is a measure of performance, adjusted for the impact of acquisitions.

(2) Earnings before interest, tax, depreciation, amortisation and other non-underlying items (See Financial Review and note 5).

(3) Re-stated (see note 8 in the interim statement)

(4) Statutory profit before tax excluding non-underlying items (see note 5).

(5) Adjusted profit after tax (statutory profit after tax before non-underlying items) divided by the weighted average number of shares in the year.

(6) Bank borrowings less cash.

John Richards, Chairman, commented:

"It is pleasing to report H1 FY24 performance, and maintained profitability, in line with Board expectations despite challenging trading conditions. Whilst we have previously communicated that the second half of the year is anticipated to see industry wide volume reductions, which the Group is not immune, the Board continues to believe that Brickability's diversified, multi-business, approach positions the Group to continue to perform well in the current market backdrop and in the future.

"The acquisition of Topek is the Group's second largest(7) *to date and, with the acquisition of Taylor Maxwell having delivered a significant increase in exposure for the Group to public and commercial end markets, the addition of Topek further increases our presence in these markets.*

"Market conditions will continue to be uncertain in the near term but, having built a robust and increasingly diverse business and with a disciplined approach to costs, we remain confident in the Group's ability to continue to deliver on its strategy. The Board is pleased to recommend an interim dividend of 1.07p per share, reflecting the performance of the business in the half year and the Board's confidence in the longer-term outlook for the Group."

(7) Based on transaction value

Enquiries:

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This announcement contains inside information.

About Brickability

Brickability is a leading construction materials distributor, serving customers across the UK and Europe for over 37 years through its national and local networks. The Group operates from more than 70 locations across the country with over 700 employees.

Brickability Group PLC

Interim Report for the six months ended 30 September 2023

Chairman's Statement

Overview

I am pleased to report a resilient set of results for the six months to 30 September 2023 with the Group delivering a good financial performance trading in line with expectations, achieving an adjusted EBITDA of £25.6 million (H1 FY23: £25.5 million).

As has been well documented, the private housebuilding sector has encountered a number of headwinds. Against this macro backdrop, it is pleasing to see the Group's strategic focus on diversification yielding substantial benefits, with public housebuilding and contracting proving to be robust in comparison. Our Taylor Maxwell bricks and cladding businesses, which form integral parts of the Group's diversified portfolio, have demonstrated resilience and are notably less exposed to private housebuilding. Our Distribution and Contracting businesses have also performed well.

Despite the short-term headwinds, the mid- to long-term fundamentals of the private housebuilding sector are robust. Population growth provides a solid foundation for sustained demand, while changing demographics and societal trends continue to drive an increase in household formation. The historical and persistent gap between demand and supply in the housing market indicates significant potential for growth and expansion. We also continue to operate within a supportive political environment. Finally, the strength and financial stability of major housebuilders provide confidence in the sector's ability to weather short-term challenges and capitalise on long-term opportunities.

A pivotal aspect of our strategy is robust cost control, including in relation to recruitment, aligning our workforce with the evolving market conditions. We are also steadfast in our commitment to developing and nurturing talent within the organisation. Despite cost control measures, we are pressing forward with our management development programmes and business apprenticeship scheme. These initiatives empower us to cultivate a robust management talent pool, ensuring our ability to thrive in the future.

Against the current macro backdrop, Brickability's diversified, multi-business approach and long-term mindset continues to enable the Group to perform well and position the Group in good stead for the future.

Acquisitions

We continue to look for opportunities to grow the business organically and to capitalise on the synergies created within the Group. The acquisition pipeline continues to be exciting, and targeted growth against our robust acquisition criteria will continue.

In June 2023, we completed the acquisition of Precision Facades Systems Limited for an initial consideration of £0.6 million with its patented framing system for cladding. Post period, we announced the strategic acquisition of Topek in October 2023. Topek offers a range of services which will complement the Group's existing cladding portfolio, including Taylor Maxwell Cladding, SBS Cladding and Architectural Facades, meaning that the Group now has a full range of cladding capabilities including design, fabrication, supply and installation. The acquisition of Topek will also significantly increase the Group's presence in the cladding remediation market and further enhances our diversification.

Board and Environmental, Social and Governance

As the Group continues to expand in scale and customer base, we are acutely aware of the role and responsibility we have in tackling environmental, social and governance priorities. We remain committed to developing our ESG strategy and ensuring continued progress is made in that regard.

In May 2023 we announced that Alan Simpson, Chief Executive Officer ("CEO") and founder of many of the Group's businesses, will be stepping down from the role of CEO and as a Director of the Company. Alan has been instrumental in building the Brickability Group into the successful business it is today, overseeing the Group's IPO in 2019 and multiple transformative acquisitions since. Alan remains a major shareholder of the Group and will continue to work with the Group in a non-board role post his stepping down. On behalf of the Board, I thank Alan for his invaluable years of service and congratulate him for his immense achievements.

The Board is pleased that Alan will be succeeded as CEO by Frank Hanna, who will take up the role in April 2024. Frank is a prominent figure in the UK brick industry and, with the wealth of experience he brings, will help lead the Group through its next stages of growth.

Interim Dividend

The Board is pleased to recommend an interim dividend of 1.07p per share (H1 FY23: 1.01p), payable on 22 February 2024, reflecting the performance of the business in the half year and the Board's confidence in the longer-term outlook for the Group. The ex-dividend date is 25 January 2024 with an associated record date of 26 January 2024.

John Richards
Chairman
28 November 2023

Chief Executive's Review

The Group has performed in line with the board's expectations during the first half of the year, against an uncertain economic environment. Whilst revenue fell compared to last year, gross profit remained comparable with the prior period reflecting improved margins across all the divisions.

Group adjusted EBITDA margin has grown by 0.7% compared to the prior period, driven by price inflation and business mix.

We continue to develop our IT systems to enhance the quality and pace of our management information, along with making progress in upgrading our corporate website.

Bricks and Building Materials Division

The Group's largest division, representing c70% of total sales, saw revenues fall 15.2%, 15.2% on a LFL basis, during the period. Following a period of significant growth in the division, the fall is a reflection of the weaker economic conditions affecting the housing market, especially the newbuild sector. Adjusted EBITDA margins however have been maintained, supported by price increases as well as reflecting the mix of the companies in the division.

Brick volumes have declined in line with the market movement for UK despatches whilst manufacturer price increases flowing from H2 FY23 have helped to soften the impact on revenue. Whilst Timber volumes are substantially flat over the period, market pricing has been in decline following the significant increases experienced recent years. The performance in our public and commercial sectors together with the growth of our higher-margin cladding supply businesses has been strong and has helped to mitigate some of the impact of the headwinds in the private housing sector.

Importing Division

The Importing Division's revenue decreased by 1.6% in the first half of the year. Adjusting for the impact of the acquisitions of Modular Clay Products, which was acquired on 31 May 2022, along with E.T. Clay and Heritage Clay Tiles, which were acquired on 30 September 2022, revenue fell 34.1%, on a LFL basis. The fall in revenue reflects the weaker economic environment with lower demand for bricks in the UK market and an increased availability of domestic bricks.

During the period of high market demand last year, our flexible supply chain meant we were able to source bricks for our customers when the domestic market experienced shortages. The current financial year sees a reduction in this activity as the availability of bricks manufactured in the UK has improved, however, there still remains a demand for imported brick types not available from UK sources. It is our expectation that when market conditions and brick demand normalise, the demand for imported bricks will increase again due to the capacity constraints of domestic manufacture.

Distribution Division

Revenue in the first half grew by 7.0% in the Distribution Division, 7.0% on a LFL basis, with growth in all businesses in the division. Towelrads continues to grow, driven by customer and product diversification. FSN Doors and Forum Tiles saw strong revenue growth as a result of some recent high-value orders. HBS NE Ltd (Upowa) continues to grow, and we expect the growth rate to accelerate throughout the second half of the year, despite the headwinds in the private housing sector, following the introduction of Part L legislation.

Contracting Division

Revenue in the first half grew by 17.8%, 17.8% on a LFL basis, driven by the continued recovery of material price inflation and the resilience of housebuilding in the mid to higher end of the market in the Sout East. The recovery of the significant material price increases experienced in FY23 has also seen margins improve during the period.

Continental Tile Joint Venture

Production trials for new clay tiles from our joint venture in Germany have progressed to an advanced stage in the period, with an expected launch in Q1 FY25. Whilst market demand remains suppressed, we have invested in new sales infrastructure in the UK to maximise the success of this opportunity.

Summary

In a challenging market, Brickability has demonstrated its resilience and its ability to deliver upon its strategic objectives and remains committed to growing the business in a sustainable manner.

We continue to prepare for Frank Hanna's arrival, and I look forward to handing over the CEO role to Frank and working with him, in a non-board role, to further grow and develop the Group.

Alan J Simpson
Chief Executive
28 November 2023

Financial Review

Revenue and Gross Profit

The Group delivered revenue of £324.8 million in the first six months of H1 FY24 (H1 FY23: £352.7 million), a decrease of 7.9% (£27.9 million) compared to the prior period. When the impact of acquisitions is adjusted, like for like revenue decreased by 14.4% when compared to H1 FY23.

The decrease in LFL revenue largely reflects the general challenges being faced in the construction industry, with the weaker economic environment affecting product demand in the housebuilding sector. The Distribution division is also continuing to grow through the diversification of customers and products. The Contracting division has seen an increase in revenue compared to H1 FY23, with growth primarily from major housebuilders and developers operating in the mid to higher end of the market.

Revenue by division was:

	H1 FY24 £'000	H1 FY23 £'000	% Change	LFL % Change
Bricks and Building Materials	**229,167**	270,101	(15.2)	(15.2)
Importing	**53,247**	54,125	(1.6)	(34.1)
Distribution	**33,227**	31,041	7.0	7.0
Contracting	**23,421**	19,880	17.8	17.8
Group eliminations	**(14,222)**	(22,478)	(36.7)	-
Total	**324,840**	352,669	(7.9)	(14.4)

Gross profit for the 6 months increased by 0.2% to £55.0 million (H1 FY23: £54.9 million) whilst the Group's gross margin percentage increased to 16.9% (H1 FY23: 15.6%), reflecting the change in product mix across the group.

Adjusted Profit and Adjusted EBITDA

Statutory profit before tax of £16.0 million (H1 FY23: £14.7 million(3)) includes a net charge of £5.8 million (H1 FY23: £7.6 million), in respect of 'other items' which are largely acquisition related and not considered reflective of the Group's underlying trading operations. These are analysed below the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group's Adjusted EBITDA at £25.6 million for the first six months of FY24 was comparable with the same period last year. Adjusted EBITDA as a percentage of revenue has increased to 7.9% (H1 FY23: 7.2%, FY 2023: 7.6%) due mainly to the change in sales mix across the group as noted above.

Adjusted EBITDA by division was:

	H1 FY24 £'000	H1 FY24 EBITDA as % Revenue	H1 FY23 £'000	H1 FY23 EBITDA as % Revenue
Bricks and Building Materials	**13,585**	5.9%	15,704	5.8%
Importing	**4,924**	9.2%	5,424	10.0%
Distribution	**5,229**	15.7%	4,953	16.0%
Contracting	**3,690**	15.8%	2,565	12.9%
Central	**(1,861)**	-	(3,112)	-
Total	**25,567**	7.9%	25,534	7.2%

Statutory Profit before tax

Statutory Profit before tax for the period was £16.0 million (H1 FY23: £14.7 million). Comparative results to 30 September 2022 have been restated, following the completion of the fair value assessment relating to acquisitions acquired shortly before the prior year interim financial statements were published. The restatement relates to the consideration and net assets acquired.

The decrease of £0.6 million in the H1 FY23 statutory profit before tax, compared to the £15.3 million originally reported, primarily relates to a charge of £0.5 million in connection with earn-out consideration payable for the acquisition of Modular Clay Products. Contingent consideration of £2.4 million was initially recognised within goodwill and deferred consideration payable. However, after review and based on interpretation guidance under IFRS 3, the earn-out consideration payable treatment has been amended and is now recognised as remuneration costs as an expense in profit or loss over the earn-out performance period.

Further details of the prior period restatement are included in note 8 to the interim financial statements.

Earnings per share

Basic EPS was 3.78 pence per share (H1 FY23: 3.74 pence restated), while adjusted basic EPS was 5.30 pence per share (H1 FY23: 6.00 pence restated). Adjusted EPS is an underlying EPS, based on the adjusted profit as noted above.

Dividend

The Board is recommending an interim dividend of 1.07p per share (H1 FY23: 1.01p) to shareholders on the register at 26 January 2024. The ex-dividend date and payment date for the dividend will be 25 January 2024 and 22 February 2024 respectively.

Cash flow and net debt

The Group generated operating cash flows before movements in working capital of £22.6 million in the first six months of the year compared to £23.2 million in the same period in FY23. Cash generated from operations was £3.4 million (H1 FY23: £6.3 million).

The net working capital outflow of £19.3 million is comprised of a £3.5 million outflow in respect of inventories, trade receivables and trade payables and £15.8 million of accrual movements and payments, primarily in respect of supplier rebates, employee bonuses and contingent earn-outs, which are timing related and mostly expected to unwind by the financial year end.

The net debt position (cash less bank borrowings) at 30 September 2023 was £30.9 million compared to £27.4 million at 30 September 2022, and is an increase of £22.9 million since the net debt position at 31 March 2023.

The increase in net debt during the period includes an outflow of working capital requirements of £19.3 million (H1 FY23: £16.9 million) in line with the expected working capital cycle of the Group. Much of this is expected to unwind during the second half of the year. Other notable cash outflows were; the further investment in property plant and equipment and intangible assets of £4.5 million (H1 FY23: £5.8 million), tax paid of £5.0 million (H1 FY23: £5.0 million), dividends paid of £6.5 million (H1 FY23: £6.1 million), the initial payment for the acquisition of Precision Facades Systems of £0.6 million (H1 FY23: £15.4 million) and payment of deferred consideration, in relation to previous acquisitions, of £4.7 million (H1 FY23: £2.0 million).

Bank facilities

At the reporting date, the group had a total bank debt of £30.9 million, with a further £29.1 million of undrawn committed facilities available. In October 2023 and following the acquisition of Topek, the Group entered into a new revolving credit facility with an initial limit of £100 million, on a club basis with HSBC and Barclays. The £100m limit reduces to £80m over the term of the loan which is 3 years (with the option of two one-year extensions).

Defined benefit pension scheme

In June 2021, the Group acquired a defined benefit pension scheme as part of the net assets of Taylor Maxwell (2017) Limited. Shortly afterwards, it entered into a buy-out process to transfer the risk associated with the scheme to an insurer. This process was completed during the period and the pension scheme is expected to be wound up by the end of the financial year.

Subsequent events

In October 2023, the Group acquired the entire share capital and 100% of the voting rights in Group Topek Holdings Limited for consideration initially expected to be up to £52.8 million, with up to £17.7 million of this payable over the three years following acquisition depending on performance. The £52.8 million is higher than the £45 million disclosed in the RNS as it includes working capital adjustments to acquire the business on a cash-free, debt-free basis. Further details are outlined in note 13. At the same time, the Group refinanced its banking facilities as noted above.

There are no other material post-balance sheet events.

Mike Gant
Chief Financial Officer
28 November 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2023 (unaudited)

	Notes	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 (Audited) £'000
Revenue		**324,840**	352,669	681,087
Cost of sales		**(269,861)**	(297,720)	(568,220)
Gross profit		**54,979**	54,949	112,867
Other operating income		**720**	-	561
Administrative expenses	5	**(40,187)**	(38,360)	(80,011)
Comprising:				
Depreciation and amortisation		**(6,921)**	(6,368)	(13,114)
Other administrative expenses		**(33,266)**	(31,992)	(66,897)
Impairment losses on financial assets		**(414)**	(408)	(1,611)
Finance income		**208**	52	143
Finance expense		**(2,248)**	(2,342)	(5,256)
Share of post-tax profit of equity accounted associates		**97**	91	123
Share of post-tax loss of equity accounted joint ventures		**-**	(384)	(721)
Fair value gains		**2,815**	1,142	8,432
Profit before tax		**15,970**	14,740	34,527
Tax expense		**(4,631)**	(3,593)	(6,830)
Profit for the period		**11,339**	11,147	27,697
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension schemes		**(17)**	26	43
Deferred tax on remeasurement of defined benefit pension schemes		**6**	(5)	(11)
Fair value gain on investments in equity instruments designated as FVTOCI		**-**	-	10
Other comprehensive income for the period		**(11)**	21	42
Total comprehensive income		**11,328**	11,168	27,739
Profit/(loss) for the year attributable to:				
Equity holders of the parent		**11,336**	11,169	27,738
Non-controlling interests		**3**	(22)	(41)
		11,339	11,147	27,697
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent		**11,325**	11,190	27,780
Non-controlling interests		**3**	(22)	(41)
		11,328	11,168	27,739

Earnings per share

Basic earnings per share	7	**3.78 p**	3.74 p	9.26 p
Diluted earnings per share	7	**3.70 p**	3.67 p	9.10 p
Adjusted basic earnings per share	7	**5.30 p**	6.00 p	11.93 p
Adjusted diluted earnings per share	7	**5.20 p**	5.89 p	11.71 p

Adjusted profit

Adjusted profit excludes those items that are not considered to be directly attributable to the Group's underlying trading operations or for which separate disclosure would assist in understanding the Group's performance in the period. It can be reconciled to statutory profit after tax as follows:

	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 (Audited) £'000
Profit for the period	**11,339**	11,147	27,697
Acquisition costs	**23**	171	281
Earn-out consideration classified as remuneration under IFRS 3	**2,695**	2,627	5,483
Share-based payment expense (including employer NI)	**830**	571	1,567
Amortisation and impairment of intangible assets	**4,315**	4,084	8,399
Unwinding of discount on contingent consideration	**832**	1,421	2,891
Share of post-tax profit of equity accounted associates	**(97)**	(91)	(123)
Fair value gains on contingent consideration	**(2,815)**	(886)	(8,176)
Gain on acquisition	**-**	(256)	(256)
Tax on adjusting items	**(1,196)**	(890)	(2,094)
Adjusted profit for the period	**15,926**	17,898	35,669
Depreciation and amortisation	**2,606**	2,284	4,715
Finance income	**(208)**	(52)	(143)
Finance expense	**1,416**	921	2,365
Tax expense	**5,827**	4,483	8,924
Adjusted EBITDA	**25,567**	25,534	51,530

Adjusted EBITDA reflects earnings before interest, tax, depreciation, amortisation and other non-underlying items. A reconciliation between adjusted EBITDA and statutory profit before tax is included in note 5.

Condensed Consolidated Balance Sheet
Six months ended 30 September 2023 (unaudited)

	Notes	**6 months ended 30 Sept 2023 £'000**	6 months ended 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 (Audited) £'000
Non-current assets				
Property, plant and equipment		**28,457**	23,859	24,783
Right of use assets		**17,240**	13,586	18,553
Intangible assets		**148,769**	156,573	152,424
Investments in equity accounted associates		**391**	321	324
Investments in financial assets		**-**	178	188
Trade and other receivables		**6,456**	3,944	3,611
Total non-current assets		**201,313**	198,461	199,883
Current assets				
Inventories		**34,347**	36,579	33,159
Trade and other receivables		**116,357**	132,948	125,603
Employee benefits		**523**	660	646
Current income tax assets		**953**	-	1,677
Cash and cash equivalents		**22,920**	6,651	21,645
Total current assets		**175,100**	176,838	182,730
Total assets		**376,413**	375,299	382,613
Current liabilities				
Trade and other payables		**(101,487)**	(128,194)	(131,419)
Current income tax liabilities		**-**	(699)	-
Loans and borrowings	10	**(15,836)**	-	(12,624)
Lease liabilities		**(3,234)**	(3,386)	(3,225)
Total current liabilities		**(120,557)**	(132,279)	(147,268)
Non-current liabilities				
Trade and other payables		**(6,188)**	(17,273)	(9,592)
Loans and borrowings	10	**(37,880)**	(33,820)	(16,800)
Lease liabilities		**(11,685)**	(10,813)	(12,967)
Provisions		**(1,967)**	(1,445)	(2,364)
Deferred tax liabilities		**(17,222)**	(19,122)	(18,244)
Total non-current liabilities		**(74,942)**	(82,473)	(59,967)
Total liabilities		**(195,499)**	(214,752)	(207,235)
Net assets		**180,914**	160,547	175,378

Equity			
Called up share capital	**3,003**	2,997	3,003
Share premium account	**102,851**	102,633	102,847
Capital redemption reserve	**2**	2	2
Share-based payment reserve	**4,169**	2,438	3,509
Merger reserve	**11,146**	11,146	11,146
Retained earnings	**59,871**	41,443	55,002
Equity attributable to equity holders of the parent	**181,042**	160,659	175,509
Non-controlling interests	**(128)**	(112)	(131)
Total equity	**180,914**	160,547	175,378

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2023 (unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Share-based payments £'000	Merger reserve £'000	Retained Earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 April 2022	**2,985**	**102,146**	**2**	**1,930**	**11,146**	**36,365**	**154,574**	**(90)**	**154,484**
Profit for the six months to 30 September 2022 (as restated)	-	-	-	-	-	11,169	11,169	(22)	11,147
Other comprehensive income for the six months to 30 September 2022 (as restated)	-	-	-	-	-	21	21	-	21
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**11,190**	**11,190**	**(22)**	**11,168**
Dividends paid	-	-	-	-	-	(6,111)	(6,111)	-	(6,111)
Issue of shares on exercise of share options	12	487	-	-	-	-	499	-	499
Equity settled share-based payments	-	-	-	670	-	-	670	-	670
Deferred tax on share-based payment transactions	-	-	-	(162)	-	-	(162)	-	(162)
Total contributions by and distributions to owners	**12**	**487**	**-**	**508**	**-**	**(6,111)**	**(5,104)**	**-**	**(5,104)**
At 30 September 2022	**2,997**	**102,633**	**2**	**2,438**	**11,146**	**41,444**	**160,660**	**(112)**	**160,548**
Profit for the six months to 31 March 2023	-	-	-	-	-	16,569	16,569	(19)	16,550
Other comprehensive income for the six months to 31 March 2023	-	-	-	-	-	21	21	-	21
Total comprehensive income for the six months to 31 March 2023	**-**	**-**	**-**	**-**	**-**	**16,590**	**16,590**	**(19)**	**16,571**
Dividends paid	-	-	-	-	-	(3,032)	(3,032)	-	(3,032)
Issue of shares on exercise of share options	6	214	-	-	-	-	220	-	220
Equity settled share-based payments	-	-	-	967	-	-	967	-	967
Deferred tax on share-based payment transactions	-	-	-	(35)	-	-	(35)	-	(35)
Current tax on share-based payment transactions	-	-	-	139	-	-	139	-	139
Total contributions by and distributions to owners	**6**	**214**	**-**	**1,071**	**-**	**(3,032)**	**(1,741)**	**-**	**(1,741)**
At 31 March 2023	**3,003**	**102,847**	**2**	**3,509**	**11,146**	**55,002**	**175,509**	**(131)**	**175,378**

At 1 April 2023	**3,003**	**102,847**	**2**	**3,509**	**11,146**	**55,002**	**175,509**	**(131)**	**175,378**
Profit for the six months to 30 September 2023	-	-	-	-	-	11,336	11,336	3	11,339
Other comprehensive income for the six months to 30 September 2023	-	-	-	-	-	(11)	(11)	-	(11)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**11,325**	**11,325**	**3**	**11,328**
Dividends paid	-	-	-	-	-	(6,456)	(6,456)	-	(6,456)
Issue of shares on exercise of share options	-	4	-	-	-	-	4	-	4
Equity settled share-based payments	-	-	-	839	-	-	839	-	839
Deferred tax on share-based payment transactions	-	-	-	(179)	-	-	(179)	-	(179)
Total contributions by and distributions to owners	**-**	**4**	**-**	**660**	**-**	**(6,456)**	**(5,792)**	**-**	**(5,792)**
At 30 September 2023	**3,003**	**102,851**	**2**	**4,169**	**11,146**	**59,871**	**181,042**	**(128)**	**180,914**

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2023 (unaudited)

	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 (Audited) £'000
Operating activities			
Profit for the period	**11,339**	11,147	27,697
Adjustments for:			
Depreciation of property, plant and equipment	**715**	946	1,566
Depreciation of right of use assets	**1,847**	1,338	3,101
Amortisation of intangible assets	**4,359**	4,084	8,447
Gain on disposal of property, plant & equipment and right of use assets	**(41)**	(31)	(314)
Foreign exchange losses	**147**	138	29
Share-based payments expense	**830**	571	1,567
Other operating income	**(60)**	-	(365)
Share of post-tax profit in equity accounted associates	**(97)**	(91)	(123)
Share of post-tax loss in equity accounted joint ventures	**-**	384	721
Fair value changes in contingent consideration	**(2,815)**	(886)	(8,176)
Gain on acquisition	**-**	(256)	(256)
Movements in provisions	**(397)**	(315)	(141)
Finance income	**(208)**	(52)	(143)
Finance expense	**2,248**	2,342	5,256
Acquisition costs	**23**	171	281
Income tax expense	**4,631**	3,593	6,830
Pension charge in excess of contributions paid	**121**	155	196
Operating cash flows before movements in working capital	**22,642**	23,238	46,173
Changes in working capital:			
Increase in inventories	**(1,183)**	(4,284)	(865)
Decrease in trade and other receivables	**8,263**	8,949	19,331
Decrease in trade and other payables	**(26,338)**	(21,611)	(19,765)
Cash generated from operations	**3,384**	6,292	44,874
Payment of acquisition expenses	**(23)**	(171)	(281)
Interest received	**41**	8	125
Income taxes paid	**(5,042)**	(5,047)	(11,074)
Net cash (used in)/generated from operating activities	**(1,640)**	1,082	33,644

Investing activities			
Purchase of property, plant and equipment	**(4,402)**	(5,582)	(7,229)
Proceeds from sale of property, plant and equipment	**47**	86	441
Purchase of right of use assets	**(16)**	-	(2,525)
Purchase of intangible assets	**(124)**	(264)	(478)
Acquisition of subsidiaries	**(550)**	(15,403)	(16,674)
Net cash acquired with subsidiary undertakings	**-**	4,675	4,676
Acquisition of interests in joint ventures	**-**	-	(442)
Loan to joint venture	**(1,719)**	(2,608)	(2,960)
Proceeds from sale of other investments	**188**	-	-
Dividends received from associates	**30**	30	60
Net cash used in investing activities	**(6,546)**	(19,066)	(25,131)
Financing activities			
Equity dividends paid	**(6,456)**	(6,111)	(9,143)
Proceeds from issue of ordinary shares net of share issue costs	**4**	499	719
Proceeds from bank borrowings	**60,000**	53,000	115,400
Repayment of bank borrowings	**(39,000)**	(43,500)	(123,000)
Payment of lease liabilities	**(1,737)**	(1,357)	(2,791)
Payment of deferred and contingent consideration	**(4,744)**	(2,038)	(3,499)
Interest paid	**(1,754)**	(882)	(2,246)
Net cash generated from/(used in) financing activities	**6,313**	(389)	(24,560)
Net decrease in cash and cash equivalents	**(1,873)**	(18,373)	(16,047)
Cash and cash equivalents at beginning of period	**9,021**	25,028	25,028
Effect of changes in foreign exchange rates	**(64)**	(4)	40
Cash and cash equivalents at end of period	**7,084**	6,651	9,021

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2023 (unaudited)

1. General Information

Brickability Group PLC (the 'Company' or the 'Group') is a public company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 (registration number 11123804) and registered in England and Wales. The registered office address is c/o Brickability Limited, South Road, Bridgend Industrial Estate, Bridgend, United Kingdom, CF31 3XG.

Copies of the Interim Report may be obtained from the registered address or from the Investors section of the Company's website at www.brickabilitygroupplc.com.

2. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2023. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding changes in the Group's financial position and performance since the last annual financial statements.

The Annual Report and Accounts for the year ended 31 March 2023 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 March 2023 was not qualified and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial information for the six months ended 30 September 2023 and 30 September 2022 is unaudited and has not been reviewed by the Company's auditors.

The interim financial statements are presented in pounds sterling, which is the functional currency of the Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing these interim financial statements.

3. Significant Accounting Policies

The Group has applied the same accounting policies in these interim financial statements as in its 2023 annual financial statements. New standards effective from 1 January 2023 are outlined in the 2023 annual financial statements. The application of these standards has not had a material impact on the amounts reported in either the current or prior reporting periods.

There have been no other significant amendments or new standards introduced during the period that would have a material impact on the amounts reported.

4. Use of judgements and estimates

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty for the interim financial statements are the same as those described in the 2023 annual financial statements.

5. Segmental analysis

The Group has four reportable divisions as follows:

- Bricks and Building Materials, which incorporates the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- Importing, which is primarily responsible for importing building products, not otherwise available in the UK, to complement traditional and contemporary architecture;
- Distribution, which focuses on the sale and distribution of a wide range of products, including windows, doors, radiators and associated parts and accessories; and
- Contracting, which provides flooring and roofing construction services, primarily within the residential construction sector.

Revenues and profits are reported in the same manner as that reported internally to the Board, as the Group’s Chief Operating Decision-Maker (CODM).

	6 months ended 30 September 2023					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Unallocated and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	226,171	38,085	28,866	-	-	293,122
Revenue from rendering of services	-	4,363	3,934	23,421	-	31,718
Total external revenue	**226,171**	**42,448**	**32,800**	**23,421**	**-**	**324,840**
Total internal revenue	**2,996**	**10,799**	**427**	**-**	**(14,222)**	**-**
Total revenue	**229,167**	**53,247**	**33,227**	**23,421**	**(14,222)**	**324,840**
Adjusted EBITDA	**13,585**	**4,924**	**5,229**	**3,690**	**(1,861)**	**25,567**
Depreciation and amortisation					(6,921)	(6,921)
Acquisition and re-financing costs					(23)	(23)
Earn out consideration classified as remuneration under IFRS 3					(2,695)	(2,695)
Share-based payment expense					(830)	(830)
Finance income					208	208
Finance expense					(2,248)	(2,248)
Share of results of associates					97	97
Fair value gains and losses					2,815	2,815
Group profit before tax	**13,585**	**4,924**	**5,229**	**3,690**	**(11,458)**	**15,970**

	6 months ended 30 September 2022					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Unallocated and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	264,899	30,728	27,133	-	-	322,760
Revenue from rendering of services	-	6,278	3,776	19,855	-	29,909
Total external revenue	**264,899**	**37,006**	**30,909**	**19,855**	**-**	**352,669**
Total internal revenue	**5,202**	**17,119**	**132**	**25**	**(22,478)**	**-**
Total revenue	**270,101**	**54,125**	**31,041**	**19,880**	**(22,478)**	**352,669**
Adjusted EBITDA	**15,704**	**5,424**	**4,953**	**2,565**	**(3,112)**	**25,534**
Depreciation and amortisation					(6,368)	(6,368)
Acquisition and re-financing costs					(171)	(171)
Earn out consideration classified as remuneration under IFRS 3					(2,627)	(2,627)
Share-based payment expense					(571)	(571)
Finance income					52	52
Finance expense					(2,342)	(2,342)
Share of results of associates					91	91
Fair value gains and losses					1,142	1,142
Group profit before tax	**15,704**	**5,424**	**4,953**	**2,565**	**(13,906)**	**14,740**

	Year ended 31 March 2023					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Unallocated and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	490,472	75,411	54,510	-	-	620,393
Revenue from rendering of services	-	11,472	8,085	41,137	-	60,694
Total external revenue	**490,472**	**86,883**	**62,595**	**41,137**	**-**	**681,087**
Total internal revenue	**8,122**	**30,700**	**394**	**201**	**(39,417)**	**-**
Total revenue	**498,594**	**117,583**	**62,989**	**41,338**	**(39,417)**	**681,087**
Adjusted EBITDA	**30,141**	**13,188**	**8,893**	**5,620**	**(6,312)**	**51,530**
Depreciation and amortisation					(13,114)	(13,114)
Acquisition and re-financing costs					(281)	(281)
Earn out consideration classified as remuneration under IFRS 3					(5,483)	(5,483)
Share-based payment expense					(1,567)	(1,567)
Finance income					143	143
Finance expense					(5,256)	(5,256)
Share of results of associates					123	123
Fair value gains and losses					8,432	8,432
Group profit before tax	**30,141**	**13,188**	**8,893**	**5,620**	**(23,315)**	**34,527**

	6 months ended 30 September 2023					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	77,469	24,725	55,823	29,230	13,675	200,922
Current segment assets	102,616	25,887	28,903	13,503	4,191	175,100
Total segment assets	**180,085**	**50,612**	**84,726**	**42,733**	**17,866**	**376,022**
Unallocated assets:						
Investment in associates						391
Investment in joint ventures						-
Investment in financial assets						-
Group assets						**376,413**
Total segment liabilities	**(78,446)**	**(12,664)**	**(17,868)**	**(4,960)**	**(26,459)**	**(140,397)**
Loans and borrowings (excluding leases and overdrafts)						(37,880)
Deferred tax liabilities						(17,222)
Group liabilities						**(195,499)**

	6 months ended 30 September 2022					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	80,812	26,784	52,809	31,014	6,543	197,962
Current segment assets	111,735	31,779	23,043	10,281	-	176,838
Total segment assets	**192,547**	**58,563**	**75,852**	**41,295**	**6,543**	**374,800**
Unallocated assets:						
Investment in associates						321
Investment in joint ventures						-
Investment in financial assets						178
Group assets						**375,299**
Total segment liabilities	**(99,418)**	**(24,209)**	**(10,994)**	**(5,589)**	**(21,600)**	**(161,810)**
Loans and borrowings (excluding leases and overdrafts)						(33,820)
Deferred tax liabilities						(19,122)
Group liabilities						**(214,752)**

	Year ended 31 March 2023					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	79,152	33,147	49,880	29,520	7,672	199,371
Current segment assets	114,359	26,403	25,849	11,965	4,154	182,730
Total segment assets	**193,511**	**59,550**	**75,729**	**41,485**	**11,826**	**382,101**
Unallocated assets:						
Investment in associates						324
Investment in joint ventures						-
Investment in financial assets						188
Group assets						**382,613**
Total segment liabilities	**(96,394)**	**(17,739)**	**(18,601)**	**(4,933)**	**(34,524)**	**(172,191)**
Loans and borrowings (excluding leases and overdrafts)						(16,800)
Deferred tax liabilities						(18,244)
Group liabilities						**(207,235)**

6. Dividends

	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 March 2023 of 2.15p per share (30 Sept 2022: for the year ended 31 March 2022 of 1.0850p per share) (31 March 2023: for the year ended 31 March 2022 of 2.04p per share)	**6,456**	6,111	6,111
Interim dividend for the year ended 31 March 2024 (31 March 2023: for the year ended 31 March 2023 of 1.01p per share)	**-**	-	3,032
Total dividends paid during the period	**6,456**	6,111	9,143

The Directors recommend that an interim dividend of 1.07p per ordinary share be paid for the year ended 31 March 2024. This dividend has not been included as a liability in these interim financial statements.

7. Earnings per share

Earnings per share (EPS) is calculated by dividing the profit for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year, attributable to ordinary equity holders, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on the following data:

	6 months ended 30 September 2023			6 months ended 30 September 2022 (Restated)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	**11,336**	**300,289,736**	**3.78**	11,169	298,826,434	3.74
Effect of dilutive securities						
Employee share options	**-**	**5,971,423**	**-**	-	5,411,479	-
Diluted earnings per share	**11,336**	**306,261,159**	**3.70**	11,169	304,237,913	3.67

	Year ended 31 March 2023 (Audited)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**
Basic earnings per share	27,738	299,439,718	9.26
Effect of dilutive securities			
Employee share options	-	5,403,747	-
Diluted earnings per share	27,738	304,843,465	9.10

Adjusted earnings per share and adjusted diluted earnings per share, based on the adjusted profit attributable to the equity holders of the parent (adjusted profit for the period add non-controlling interest share of loss), is based on the following data:

	6 months ended 30 September 2023			6 months ended 30 September 2022 (Restated)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Adjusted basic earnings per share	**15,923**	**300,289,736**	**5.30**	17,920	298,826,434	6.00
Effect of dilutive securities						
Employee share options	**-**	**5,971,423**	**-**	-	5,411,479	-
Adjusted diluted earnings per share	**15,923**	**306,261,159**	**5.20**	17,920	304,237,913	5.89

	Year ended 31 March 2023 (Audited)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**
Adjusted basic earnings per share	35,710	299,439,718	11.93
Effect of dilutive securities			
Employee share options	-	5,403,747	-
Adjusted diluted earnings per share	35,710	304,843,465	11.71

8. Business combinations

The Group acquired the entire share capital and 100% of the voting rights in the following company during the period:

Company acquired	Acquisition date
Precision Façade Systems Ltd	2 June 2023

The book value of the assets acquired and liabilities assumed on acquisition were as follows:

	Precision Façade Systems Ltd £'000
Property plant and equipment	15
Right of use assets	-
Inventory	5
Trade and other receivables	15
Cash and cash equivalents	-
Trade and other payables	(14)
Current income tax liabilities	-
Lease liabilities	-
Deferred tax	-
Total identifiable net assets	21
Goodwill	579
Total consideration	600

Satisfied by:	
Cash paid	550
Deferred cash consideration	50
Contingent consideration	-
Total consideration	600

Due to the timing of the acquisition, a detailed assessment of the fair value of all identifiable net assets, and the value of any uncollectable contractual cash flows, has not yet been completed at the date of these interim financial statements.

The goodwill figure is therefore subject to change and the above consideration is subject to post completion adjustments. Residual goodwill will primarily comprise the strategic value of the acquisition, including the potential for future growth within the framing market. None of the goodwill is expected to be deductible for tax purposes.

The acquisition was carried out in order to supplement and expand the Group's existing product range in the cladding market. Upon acquisition the assets and liabilities were hived into the acquiring group company and the entity ceased trading. As such, the Group's revenue and net profit would not be impacted had the business combination taken place at the beginning of the financial period.

Acquisition costs of £23,000 were recognised in profit or loss in respect of stamp duty and legal and professional fees associated with this acquisition.

Business combinations completed in prior periods

Whiffen Holdings Limited and Beacon Roofing Limited

The Group acquired 100% of the share capital and voting rights in Whiffen Holdings Limited and its subsidiary, Beacon Roofing Limited (together the 'Whiffen Holdings Group'), on 31 March 2022. As disclosed in the 2022 Annual Report and Accounts, due to the timing of the acquisition the value of the identifiable net assets was included on a provisional basis pending a detailed assessment of the fair value of the contingent consideration and all identifiable net assets. This assessment was still ongoing at the time of publishing the 2022 interim financial statements.

Details of the revised fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value originally reported £'000	Adjustment £'000	Restated fair value £'000
Property plant and equipment	709	502	1,211
Identifiable intangible assets	-	2,255	2,255
Inventory	45	-	45
Trade and other receivables	2,476	-	2,476
Cash and cash equivalents	741	-	741
Trade and other payables	(1,206)	-	(1,206)
Current income tax liabilities	(365)	-	(365)
Provisions	(76)	-	(76)
Deferred tax	(73)	(675)	(748)
Total identifiable net assets	2,251	2,082	4,333
Goodwill	5,968	(1,889)	4,079
Total consideration	8,219	193	8,412
Satisfied by:			
Cash paid	5,371	-	5,371
Deferred cash consideration	1,676	-	1,676
Contingent consideration	1,172	193	1,365
Total consideration	8,219	193	8,412

Had the full fair value assessment been carried out prior to announcing the interim results to 30 September 2022, the interim financial statements would have differed as follows:

- The cost of property, plant and equipment would have been £502,000 higher on acquisition, with a corresponding decrease in goodwill. A depreciation charge of £6,000 would have also been subsequently recorded, with a corresponding reduction in the property, plant and equipment balance at 30 September 2022.
- Intangible assets of £2,255,000 and a related deferred tax liability of £675,000 would have also been recognised, with a corresponding net decrease in goodwill. An amortisation charge of £113,000 and a deferred tax credit of £23,000 would have been recorded in profit or loss.
- The contingent consideration liability on acquisition would have been £193,000 higher, with a corresponding increase in goodwill. An interest charge of £89,000 would have been recognised in respect of unwinding the discount applied to the contingent consideration.

Modular Clay Products Ltd

The Group acquired 100% of the share capital and voting rights in Modular Clay Products Ltd on 31 May 2022. As disclosed in the 2022 interim financial statements, the value of the identifiable net assets had been included at 30 September 2022 on a provisional basis as an independent valuation of the fair value of was ongoing at the time of preparing the interim financial statements. The values were, however, finalised before reporting the Group's annual results to 31 March 2023.

Details of the revised fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value originally reported £'000	Adjustment £'000	Restated fair value £'000
Property plant and equipment	16	-	16
Right of use assets	28	-	28
Identifiable intangible assets	-	3,810	3,810
Inventory	164	-	164
Trade and other receivables	2,569	319	2,888
Cash and cash equivalents	4,205	-	4,205
Trade and other payables	(1,785)	(319)	(2,104)
Current income tax liabilities	(514)	-	(514)
Lease liabilities	(28)	-	(28)
Deferred tax	8	(934)	(926)
Total identifiable net assets	4,663	2,876	7,539
Goodwill	5,010	(5,010)	-
Gain on acquisition	-	(256)	(256)
Total consideration	9,673	(2,390)	7,283
Satisfied by:			
Cash paid	7,283	-	7,283
Contingent consideration	2,390	(2,390)	-
Total consideration	9,673	(2,390)	7,283

Had the full fair value assessment been carried out prior to announcing the interim results to September 2022, these interim financial statements would have differed as follows:

- £460,000 would have been recognised in administrative expenses in respect of earn-out consideration payable to the sellers of Modular Clay Products. Earn-out consideration is payable depending on the future performance of the business. Due to a clause in the contract, this earn-out consideration is deemed to be treated as remuneration under IFRS 3, with the cost being accrued in the profit and loss over the earn-out period. This would have also led to a reduction in goodwill and contingent consideration.
- Amortisation amounting to £127,000 would have been charged on the intangible assets recognised. A deferred tax credit of £24,000 would have also been recognised on the release of the associated deferred tax liability over the intangible assets' useful life.
- A gain of £256,000 would have been recognised in profit or loss on the acquisition. The Group does not consider the acquisition to be a bargain purchase commercially. However, as noted above, further amounts payable to the seller, dependent on future performance, are deemed to be treated as remuneration as a result of a 'good leaver' clause being included within the contract. Due to this component of consideration being accounted for as remuneration, the fair value of identifiable net assets acquired exceeds the consideration under IFRS 3. The gain has therefore arisen as a result of accounting treatments, with IFRS 3 requiring the gain to be credited to profit or loss on acquisition.

E. T. Clay Products Limited

The Group acquired 100% of the share capital and voting rights in E. T. Clay Products Limited on 30 September 2022. As disclosed in the 2022 interim financial statements, due to the timing of the acquisition the value of the identifiable net assets was included on a provisional basis pending a detailed assessment of the fair value of the contingent consideration and all identifiable net assets.

Details of the revised fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value originally reported £'000	Adjustment £'000	Restated fair value £'000
Property plant and equipment	157	-	157
Right of use assets	-	792	792
Identifiable intangible assets	-	3,083	3,083
Inventory	2,838	-	2,838
Trade and other receivables	8,651	-	8,651
Cash and cash equivalents	627	-	627
Trade and other payables	(5,524)	(80)	(5,604)
Current income tax liabilities	(878)	20	(858)
Lease liabilities	-	(792)	(792)
Provisions	-	(27)	(27)
Deferred tax	(31)	(761)	(792)
Total identifiable net assets	5,840	2,235	8,075
Goodwill	5,868	(4,238)	1,630
Total consideration	11,708	(2,003)	9,705
Satisfied by:			
Cash paid	7,490	1,172	8,662
Deferred cash consideration	1,008	(1,008)	-
Contingent consideration	3,210	(2,167)	1,043
Total consideration	11,708	(2,003)	9,705

Had the full fair value assessment been carried out prior to announcing the interim results to 30 September 2022, the interim financial statements would have differed as follows:

- Right of use assets of £792,000 would have been recognised, with a corresponding lease liability.
- Intangible assets of £3,083,000 and a related deferred tax liability of £761,000 would have been recognised, with a corresponding net decrease in goodwill.

Heritage Clay Tiles Limited

The Group acquired 100% of the share capital and voting rights in Heritage Clay Tiles Limited on 30 September 2022. As disclosed in the 2022 interim financial statements, due to the timing of the acquisition the value of the identifiable net assets was included on a provisional basis pending a detailed assessment of the fair value of the contingent consideration and all identifiable net assets.

Details of the revised fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value originally reported £'000	Adjustment £'000	Restated fair value £'000
Property plant and equipment	29	-	29
Right of use assets	-	305	305
Identifiable intangible assets	-	309	309
Inventory	1,172	-	1,172
Trade and other receivables	1,072	660	1,732
Cash and cash equivalents	(109)	(47)	(156)
Trade and other payables	(2,214)	(650)	(2,864)
Current income tax liabilities	(37)	37	-
Lease liabilities	-	(305)	(305)
Provisions	-	(5)	(5)
Deferred tax	60	(76)	(16)
Total identifiable net assets	(27)	228	201
Goodwill	1,012	(402)	610
Total consideration	985	(174)	811
Satisfied by:			
Cash paid	630	99	729
Deferred cash consideration	85	(85)	-
Contingent consideration	270	(188)	82
Total consideration	985	(174)	811

Had the full fair value assessment been carried out prior to announcing the interim results to 30 September 2022, the interim financial statements would have differed as follows:

- Right of use assets of £305,000 would have been recognised, with a corresponding lease liability.
- Intangible assets of £309,000 and a related deferred tax liability of £76,000 would have been recognised, with a corresponding net decrease in goodwill.

As the acquisitions of E. T. Clay Products Limited and Heritage Clay Tiles Limited took place on the final day of the reporting period, there is no impact on the profit or loss reported for the six months ended 30 September 2022.

For both acquisitions, the change from deferred cash consideration to additional cash paid was due to the timing of the final completion payments being made, based on final agreed form completion accounts, compared to the interim financial statements being published.

The contingent consideration liability would have been discounted to fair value, with a corresponding reduction in goodwill. Following a further review of forecast results on acquisition, and the expected changes in market and economic conditions, the contingent consideration payable was also initially anticipated to be lower than that upon which the undiscounted contingent consideration reported in the 2022 interim financial statements was originally based.

The September 2022 comparatives have been restated in these interim financial statements to reflect the changes for all of the above acquisitions.

A prior period restatement would usually require the presentation of a third balance sheet at 1 April 2022. However, as the restatement of the provisional fair values would have no impact on the balance sheet at that date, it is not considered that this would provide additional useful information. As such, a third consolidated balance sheet has not been included within these interim financial statements.

Contingent consideration

The Group has entered into contingent consideration arrangements in purchasing several subsidiaries. Final amounts payable under these agreements are all subject to future performance and the acquired business achieving pre-determined EBITDA targets, over the three years following acquisition, with the exception of HBS NE Limited which is over five years.

The fair value of all contingent consideration is based on a discounting cash flow model, applying a discount rate of between 1.7% and 23.6% to the expected future cash flows.

Summarised below are the fair values of the contingent consideration at both acquisition and reporting date, the potential undiscounted amount payable and the discount rates applied within the discounting cash flow models, for each acquisition where contingent consideration arrangements remain in place.

Company acquired	Discount rate	Fair value at acquisition £'000	Fair value at 30 September 2023 £'000	Fair value at 30 September 2022 £'000	Undiscounted amount payable 30 September 2023 £'000	Undiscounted amount payable 30 September 2022 £'000
U Plastics Limited	3.5%	2,208	-	1,100	-	1,116
Bathroom Barn Limited	1.7%	231	73	98	74	100
McCann Logistics Ltd	1.7%	889	-	1,584	-	1,604
Taylor Maxwell Group (2017) Limited	4.1%	-	333	431	340	435
SBS Cladding Limited	4.1%	1,845	782	1,434	800	1,500
Leadcraft Limited	10.4%	722	957	700	1,066	861
HBS NE Limited	16.1% - 23.6%	10,069	4,285	11,287	6,998	21,513
Beacon Roofing Limited	13.0%	1,365*	1,643	1,452*	1,962	1,885*
E. T. Clay Products Limited	16.0%	1,043*	-	1,043*	-	1,420*
Heritage Clay Tiles Limited	20.0%	82*	-	82*	-	119*

*2022 and acquisition values restated following completion of fair value assessment of total consideration payable and net assets acquired as noted above.

The potential undiscounted amount payable in respect of E. T. Clay Products Limited and Heritage Clay Tiles Limited ranges from £nil to £3,480,000 and the amount payable for SBS Cladding Limited ranges from £1,200,000 to £2,000,000 (2022: £nil to £2,000,0000). It is not possible to determine a range of outcomes for other acquisitions as the arrangements do not contain a maximum payable.

Changes in the range of outcomes are due to amounts paid or payable being determined during the year as milestones within the performance period are met.

The acquisition of Taylor Maxwell Group (2017) Limited is also subject to further payments depending on future performance, ranging from £nil to £13,000,000, over the three years following acquisition. Based on current interpretation guidance concerning contingent payments to employees under IFRS 3, the earn-out amounts payable are recognised in profit or loss over the earn-out period as remuneration costs. This is due to the inclusion of a 'bad leaver' clause in the share purchase agreement, under which the earn-out consideration payment is forfeited. The earn-out consideration is therefore deemed to effectively be contingent on the continued employment of the seller and the seller not being considered a 'bad leaver'. The anticipated total amount payable, however, is not expected to change due to other clauses and payment terms within the share purchase agreement. A charge of £2,167,000 has been recognised in the period ended 30 September 2023 in respect of this earn-out consideration, presented within other administrative expenses.

Similarly, the acquisition of Modular Clay Products Ltd is also subject to further amounts payable depending on future performance over the three years following acquisition, which are recognised as remuneration due to a 'good leaver' clause within the share purchase agreement. It is not possible to determine a range for these future payments as the agreement does not contain a maximum payable. A charge of £528,000 has been recognised in the period in respect of this earn-out consideration, presented within other administrative expenses.

Company acquired	Fair value at 31 March 2023 £'000	Additions through business combinations £'000	Finance expense £'000	Fair value (gain)/loss £'000	Settlement £'000	Fair value at 30 September 2023 £'000
U Plastics Limited	962	-	2	-	(964)	-
McCann Logistics Ltd	1,324	-	6	7	(1,337)	-
SBS Cladding Limited	1,464	-	18	-	(700)	782
HBS NE Limited	3,901	-	384	-	-	4,285
Beacon Roofing Limited	2,355	-	148	167	(1,027)	1,643
E. T. Clay Products Limited	2,433	-	187	(2,620)	-	-
Other business combinations	1,655	-	77	(369)	-	1,363

Beacon Roofing Limited has continued to perform well following acquisition, gaining new business from a competitor that entered administration during the year ended 31 March 2023. This has resulted in the fair value loss as the amount expected to be paid in relation to contingent consideration is now higher.

A fair value gain has been recognised for E. T. Clay Products Limited and Heritage Clay Tiles (within 'Other Business Combination' line) as trading has been more challenging than previously expected. Given the ongoing uncertainty in the market, and the anticipated timescales for the industry to return to former levels of demand, further payment in the earn-out period is not currently expected.

A sensitivity in respect of the inputs into the discounted cash flow model, determining the contingent consideration, is outlined in note 9.

9. Financial instruments

Fair values

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at 30 September and 31 March are shown below:

Financial instrument	Valuation technique	Significant Unobservable inputs	Range/ estimate	Sensitivity of the input to fair value
Contingent Consideration in a business combination (note 8)	Present value of future cash flows	Assumed probability-adjusted EBITDA of acquired entities.	Sept 2023: £362,000 – £17,702,000 Sept 2022: £435,000 – £53,781,000 March 2023: £406,000 – £17,702,000	The higher the adjusted EBITDA, the higher the fair value. If forecast EBITDA was 10% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would increase by £830,000 (2022: £2,465,000). A 10% decrease in EBITDA would result in a decrease in the liability of £762,000 (2022: £3,241,000). (March 2023: increase and decrease of £706,000)
		Discount rate	Sept 2023: 1.7% - 23.6% Sept 2022: 1.7% - 23.6% March 2023: 1.7% - 23.6%	The higher the discount rate, the lower the fair value. If the discount rate applied was 2% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would decrease by £232,000 (2022: £719,000). A 2% decrease in the rate would result in an increase in the liability of £245,000 (2022: £657,000). (March 2023: decrease of £372,000 and increase of £393,000)

Reconciliation of level 3 fair value measurements of financial instruments

Contingent consideration liability	**6 months ended 30 Sept 2023 £'000**	6 months ended 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 (Audited) £'000
At 1 April	**14,093**	19,774	19,774
Additions through business combinations	**-**	1,125	1,125
Finance expense charged to profit or loss	**822**	1,398	2,853
Settlement	**(4,027)**	(1,435)	(1,483)
Fair value gains recognised in profit or loss	**(2,815)**	(886)	(8,176)
At 30 September/ 31 March	**8,073**	19,976	14,093

10. Loans and borrowings

	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000
Current loans and borrowings at 1 April	**12,624**	-	-
Non-current loans and borrowings at 1 April	**16,800**	24,240	24,240
Total loans and borrowings at 1 April	**29,424**	24,240	24,240
Issue of bank loans	**60,000**	53,000	115,400
Repayment of bank loans	**(39,000)**	(43,500)	(123,000)
Movement in overdraft facility	**3,212**	-	12,624
Other movements*	**80**	80	160
Loans and borrowings at 30 September/ 31 March	**53,716**	33,820	29,424
Analysed as:			
Current loans and borrowings	**15,836**	-	12,624
Non-current loans and borrowings	**37,880**	33,820	16,800
Loans and borrowings at 30 September/ 31 March	**53,716**	33,820	29,424

*Other movements relate to interest accrued, arrangement fees incurred and the amortisation of those fees.

The Directors consider that the carrying amount of loans and borrowings approximates to their fair value. Non-current bank loans comprise a principal loan value of £38,000,000 (2022: £34,100,000, March 2023: £17,000,000) less arrangement fees of £120,000 (2022: £280,000, March 2023: £200,000), which are amortised over the term of the loan.

During the period, the Group had a revolving credit facility of £60,000,000, including an ancillary carve out of a £5,000,000 overdraft, which run to December 2024. The revolving facility bears interest at a variable rate based on the SONIA. At the reporting date, interest was charged at a rate of 1.9% above the adjusted SONIA interest rate benchmark.

The Group also has a notional pool agreement, whereby certain cash balances within the Group are entitled to be offset, providing the overall overdrawn balance does not exceed the £5,000,000 facility limit. The Company's overdraft balance at the reporting date is a result of the timing of cash transfers within the Group and funds being transferred from the Group's central facility.

Since the reporting date, the Group re-financed its banking facilities and now has a revolving credit facility for an initial £100,000,000, which will run for three years with two extension options of one year.

11. Pensions

Defined benefit pension plans

On 30 June 2021, the Group acquired Taylor Maxwell Group (2017) Limited, which operated a defined benefit pension scheme.

The Group commenced a buy-out process to transfer the risk associated with the scheme to an insurer. As part of this process, a buy-in contract was incepted on 7 July 2021 to meet the future benefits payable and reduce the risk of additional funding being required from the Group. On 1 August 2023, the scheme's liabilities relating to the policy were fully transferred to the insurance company, when the policy was converted into individual policies in the members' names.

Scheme assets relate to cash funds net of residual liabilities relating to top-up benefit payments, which are due to past members of the scheme following a High Court ruling on the Lloyds Banking Group pensions court case. Scheme invested assets are stated at their current bid price at 30 September 2023. The defined benefit scheme is expected to completely wound up by 31 March 2024.

The valuations for September 2023 and September 2022 have been prepared using the same methodology as that included in the Annual Report and Accounts for the year ended 31 March 2023. Other principal assumptions, in respect of mortality rates, are consistent with those set out in that Annual Report and Accounts for all periods.

12. Related party transactions

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel

	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000
Key management personnel compensation			
Short-term employee benefits	**1,766**	1,808	6,031
Post-employment benefits	**54**	40	80
Share-based payment expense	**350**	200	538
	2,170	2,048	6,649

During the interim period, the Group made sales amounting to £nil (2022: £21,000 and year to 31 March 2023: £31,000) to members of key management. A £nil balance was included within trade receivables at each the reporting date, in respect of these sales.

Other related parties

Included within trade and other receivables/payables are the following amounts due from/to other related parties, at the reporting date:

	Amounts owed by related parties			**Amounts owed to related parties**		
	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000	**6 months ended 30 Sept 2023 £'000**	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000
Associates	**-**	-	6	**124**	92	184
Joint ventures	**4,881**	2,668	3,033	**-**	-	88
Other related parties	**42**	-	200	**8**	-	27
	4,923	2,668	3,239	**132**	92	299

During the period, the Group made a loan of €2,000,000 (2022: €3,050,000 and year to 31 March 2023: €3,450,000) to its joint venture, equating to £1,736,000 (2022: £2,668,000 and year to 31 March 2023: £3,033,000) outstanding at the reporting date. The loan is repayable by 30 June 2025 and carries interest, payable monthly, at a rate of 3% above the Bank of England base rate. Interest of £152,000 (2022: £36,000 and year to 31 March 2023: £127,000) was charged in the period.

Transactions undertaken between the Group and its related parties during the year were as follows:

	Sales to related parties			**Purchases from related parties**		
	6 months ended 30 Sept 2023 £'000	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000	**6 months ended 30 Sept 2023 £'000**	6 months ended 30 Sept 2022 £'000	Year ended 31 March 2023 (Audited) £'000
Associates	**-**	-	5	**92**	239	537
Joint ventures	**-**	-	-	**-**	-	431
Other related parties	**249**	-	202	**-**	106	218
	249	-	207	**92**	345	1,186

Other related parties comprise of entities owned by directors and key management. Sales relate to building materials. Purchases relate to rent and administrative expenses payable.

Right of use assets in respect of properties leased from other related parties had a carrying value of £2,365,000 (2022: £407,000 and 31 March 2023: £2,377,000), while associated lease liabilities of £2,214,000 (2022: £434,000 and 31 March 2023: £2,209,000) are included at the period end.

13. Post balance sheet events

On 10 October 2023, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Group Topek Holdings Limited, a specialist cladding installation and remediation contractor.

The acquisition was made in order to expand the Group's cladding portfolio, to establish a full range of cladding capabilities including design, fabrication, supply and installation.

The provisional book values of the separable assets acquired and liabilities assumed on acquisition are estimated as follows:

	£'000
Property plant and equipment	58
Right of use assets	136
Trade and other receivables	5,050
Cash and cash equivalents	7,915
Trade and other payables	(1,676)
Loans and borrowings	(351)
Current income tax liabilities	(404)
Lease liabilities	(136)
Deferred tax	(16)
Total identifiable net assets	10,576
Satisfied by:	
Cash paid	35,140
Contingent consideration	17,700
Total consideration	52,840

Cash paid reflects an initial cash payment agreed in respect of the value attributed to the business, based on a multiple of Adjusted EBITDA, plus any further amounts paid in respect of excess working capital, including any surplus cash, based on draft agreed form completion accounts.

Due to the timing of the acquisition, a detailed assessment of the fair value of the identifiable net assets, and value of any uncollectible contractual cash flows, has not been completed at the date of approving these financial statements. The above consideration is undiscounted and subject to post completion adjustments.

It is expected that goodwill will arise on the acquisition which will primarily comprise the value of expected synergies arising from the acquisition and the value of the assembled workforce. The goodwill is not expected to be deductible for tax purposes.

The contingent consideration subject to future performance, with the amount payable dependent on the acquired business achieving pre-determined EBITDA targets over the three years following acquisition. The potential contingent consideration payable ranges from £nil to £17,700,000.

Acquisition costs of £23,000, in relation to stamp duty and legal and professional fees, are estimated to be incurred in connection with this acquisition and will be recognised in profit or loss. Due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving these financial statements.

On 10 October 2023, the Group also re-financed its existing banking facilities, as outlined in note 10.