28 November 2022

Brickability Group PLC

("Brickability" or "the Group")

Interim Results for the six months ended 30 September 2022

Brickability Group PLC (AIM: BRCK), the leading construction materials distributor, today announces its unaudited interim results for the six months ended 30 September 2022.

Financial Highlights

- Revenue increased by 57.8% to £352.7m (H1 FY22: £223.5m)
- Group like-for-like* revenue growth of 9.3%
- Gross profit increased by 40.8% to £54.9m (H1 FY22: £39.0m)
- Profit before tax increased by 71.9% to £15.3m (H1 FY22: £8.9m)[1]
- Adjusted EBITDA** increased by 45.7% to £25.5m (H1 FY22: £17.5m)[1]
- Net debt as at 30 September 2022 of £27.4m (H1 FY22: net cash £2.8m)
- Interim dividend of 1.01 pence per share (H1 FY22: 0.96 pence)

Operational Highlights

- Strong performance across all Group divisions in first half of FY23, despite macroeconomic and geopolitical backdrop
- Continued strong order intake moving into the second half
- Two acquisitions in period - Modular Clay Products in May 2022 and ET Clay Products in September 2022
- Appointment of two additional Independent Non-Executive Directors, Susan McErlain and Sharon Collins, during the period

Post Period and Outlook

- Board remains vigilant of wider macroeconomic challenges but confident in the Group's ability to deliver performance in line with market expectations for the full year***

[1] Re-stated (see note 8 of the interim financial statements)

**like-for-like ("LFL") sales is a measure of growth in sales, adjusted for the impact of acquisitions.*

***Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, share option expense, acquisition costs and exceptional items.*

****Full year market expectations as at the date of this announcement of adjusted EBITDA of approximately £44.5 million*

John Richards, Chairman, commented:

"The first half of the year has seen the Group benefit from the earlier strategic decision to move into new market segments within the construction and housebuilding industries thereby diversifying and expanding both the Group's product portfolio and end markets. This, combined with the increase in import and distribution capacity, has significantly increased the Group's customer base which has in turn led to sales and profit growth across all four divisions.

"Whilst the market continues to be impacted by macroeconomic and geopolitical pressures, the fundamentals of our industry remain strong, albeit the impact of the current UK economic environment on our business during 2023 is unclear. However, having built a robust and increasingly diverse business, we remain confident in the Group's ability to continue to deliver on its strategy and to meet market expectations for the full year."

This announcement contains inside information.

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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 supplies over 550m bricks annually and has over 55 locations across the country with over 600 employees.

Brickability Group PLC

Interim Report for the six months ended 30 September 2022

Chairman's Statement

Overview

We are pleased to report a strong set of results for the six months to 30 September 2022 with the Group delivering a solid financial performance, achieving an adjusted EBITDA of £25.5 million.

Firmly focused on diversifying and driving growth, the Group has continued to achieve both increased scale and presence within the construction and housebuilding industries. Brickability's strategic positioning, underpinned by its differentiated business model and diverse product mix, has enabled us to successfully identify opportunities and effectively manage demand, whilst adapting and responding to market conditions. We continue to operate within a supportive government regulatory environment and continue to experience strong demand across the undersupplied construction and housebuilding sector. Whilst the market continues to be impacted by macroeconomic and geopolitical pressures, the fundamentals of our industry remain strong, albeit the impact of current UK economic environment on our business during 2023 is unclear. However, having built a robust and increasingly diverse business, with a broad product portfolio, strong customer relationships, cost discipline and ability to effectively adapt, we remain confident in the Group's ability to continue to deliver on its strategy and to meet market expectations for the full year.

Acquisitions

During the first half of the year, we announced the strategic acquisition of Modular Clay Products in May 2022 which was followed by the acquisition of ET Clay Products on 30 September 2022. Both acquisitions have significantly strengthened our import capabilities, increasing scale nationally and providing the Group with access to new suppliers in Europe, with the addition of Turkey, as well as the United States. Moving forward, we will continue to look for opportunities to grow the businesses organically and to capitalise on the synergies created within the Group.

Board and Environmental, Social and Governance

With the Group's significant expansion in scale and customer base, it has been important to ensure continued progress is made not only strategically, but also operationally. During the first half of the year, the Group strengthened the financial, marketing and HR departments which have all played a pivotal role in ensuring the smooth transition, integration and governance of new acquisitions into the Group and the identification of internal and external opportunities.

The Board was delighted to announce the appointments of Susan McErlain and Sharon Collins as Independent Non-Executive Directors during the period. Both Susan and Sharon have proven to be valuable additions to the Board, bringing with them a wealth of experience, helping to support the Group as it performs against its stated strategy.

As announced at the time of the Group's Preliminary Results in July 2022, we are acutely aware of the role and responsibility we have in tackling ESG priorities as Brickability grows. We remain committed to continuously developing our environmental, social and governance strategy, and to identifying additional ways in which all our businesses and people can make small but significant changes in the way we operate to lessen our impact on the environment, as well as taking the time to support local causes.

Over the last six months the Group has launched several initiatives including the use of EV and hybrid vehicles within the Group's fleet, as well as continuing to support charitable initiatives through The Brickability Group Foundation which has provided grants, sponsorship match funding, material donations for community projects, social impact initiatives and humanitarian appeals.

Interim Dividend

The Board is pleased to announce an interim dividend of 1.01p per share (H1 FY22: 0.96p), payable on 23 February 2023, 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 26 January 2023 with associated record date of 27 January 2023.

John Richards
Chairman
25 November 2022

Chief Executive's Review

Our divisions have once again performed well during the first half of the year with both revenue and profit significantly ahead of the prior period, reflecting the diversity of the Group and the strength of Brickability's positioning within the market.

We are pleased to report the Group has experienced a high level of demand across all businesses, although the availability of some products has continued to be challenging. In addition, significant materials price inflation along with fuel surcharges have substantially contributed to revenue growth during the period.

Group EBITDA margin is lower than the prior year, driven by the Taylor Maxwell business which operates on lower margins than the Brickability business prior to the acquisition, and with the prior year comparator including only three months of post-acquisition trade of Taylor Maxwell. In addition, timber margins have fallen back from the exceptional highs of last year and the margins in some of our businesses have been adversely impacted where we have not yet been able to immediately pass on all costs attributed to both materials price inflation and fuel surcharges.

Over the last couple of years, the Group has grown significantly and we are ensuring we support this growth with recruitment at both Group and divisional levels together with optimising our processes through the rollout of standardised IT system platforms across all businesses. In addition, during the first half of the year, the Group took the decision to re-align the reporting structure of some of our businesses and we have moved from three divisions to four in order to support the continued growth of the Group and to further improve efficiencies. The Group's four distinct business divisions are:

- **Bricks and Building Materials** – businesses that are primarily brick, timber and other building materials factors
- **Importing** – businesses that primarily source, transport and distribute bricks and roof tiles from European and other overseas manufacturers
- **Distribution** – businesses that stock and distribute products such as towel radiators and valves, facia, soffits and guttering, weatherboard cladding, doors, windows, solar panels and car chargers
- **Contracting** – businesses that supply and fit roofing and flooring

Full details of our divisions and each of our businesses can be found at https://brickabilitygroupplc.com/

Bricks and Building Materials Division

The Group's largest division, representing c75% of total sales, grew revenues by 57.3%, 4.3% LFL during the period. Despite supply issues from both UK and European manufacturers, brick volumes in the period were comparable with the prior year on a LFL basis against a strong comparator, with price increases and mix being the driver of LFL revenue growth. In line with our expectations, timber volumes and pricing have fallen back following the exceptional highs of H1 FY22. The EBITDA margin of the division has diluted in the first half compared to the prior period due to the impact of Taylor Maxwell businesses as noted above.

Taylor Maxwell's operational and scheduling systems have been successfully implemented into two more of the Group's businesses with further businesses to be transitioned during the second half of the year. The Group is also transitioning to a single financial accounting system and this has also been implemented alongside the scheduling system in the two aforementioned businesses.

In June 2022 we entered a new, long-term strategic partnership with Thyssenkrupp Materials UK to develop a new balcony system to produce the next generation of balconies that will improve lead times and reduce time spent on-site, whilst providing exceptional curb appeal and functionality. The patented design has passed the testing stage and we expect to launch the system in the beginning of the new calendar year.

Importing Division

Importing Division revenue increased by 68.4% in the first half including Modular Clay Products which was acquired on 31 May 2022. Since acquisition Modular Clay Products has performed strongly and, adjusting for this acquisition, LFL Importing Division revenue increased by 51.4% reflecting our expertise in sourcing and our strong relationships with overseas manufacturers. McCann Logistics has seen significant growth in revenue following the increase in its trailer fleet and expansion of its operations to cover haulage from the Netherlands, Germany, France, Spain, Belgium, and Portugal.

Contracting Division

Revenue in the first half grew by 89.2% including Beacon Roofing which was acquired on 31 March 2022 and has performed very well since this time. Adjusting for this acquisition, LFL revenue increased by 18.2%. Margins are beginning to improve from the impacts of the unprecedented number and level of price increases in roof tiles experienced last year. It has been a busy period for the Contracting Division, and we have won a number of new contracts from a competitor who has recently entered administration and the Division continues to work with our Group colleagues at Upowa to explore opportunities to install solar panels.

Distribution Division

Revenue in the first half grew by 50.2% in the Distribution Division and 35.8% LFL. Towelrads continues to grow strongly and Fraser Simpson almost doubled revenues during in the period compared to H1 FY22. Upowa, our renewable energy products business that was acquired in November 2021 has won multiple significant national housebuilder contracts which have commenced installation and are expected to scale up from Q2 FY24. The new EV car charger which has been developed exclusively for the Group, with the installer and end user in mind, is expected to be launched in the first quarter of the new calendar year.

Continental Tile Joint Venture

In March 2022 the Group announced the formation of the Schermbecker Building Products GmbH joint venture operating from a factory in Germany in connection with a leading German tile manufacturer and producer of roofing materials. Initial manufacture and start-up production of clay roof tiles by the joint venture was very good but as a result of volatility of energy prices in Germany, we expect that the commissioning of the new capital investment by the joint venture will now be completed during spring 2023, at which point we will be able to commence production of clay roof tiles much needed by the UK market.

As outlined in the Chairman's Statement, the Group completed the acquisition of ET Clay Products Limited and Heritage Clay Tiles Limited (together "ET Clay Products") on 30 September 2022. Established over 25 years ago, ET Clay Products is a specialist supplier of UK and imported clay facing bricks and high quality handmade and handcrafted clay roof tiles. Operating from three yards, the businesses will bring new customers to the Group, particularly in the merchant's channel, further diversifying the Group's customer and revenue base.

Summary

Brickability has continued to demonstrate its ability to deliver upon its strategic objectives and remains committed to growing the business in a sustainable manner.

Alan J Simpson
Chief Executive
25 November 2022

Financial Review

Revenue and gross margin

The Group delivered revenue of £352.7 million in the first six months of H1 FY23 (H1 FY22: £223.5 million), representing a total increase of 57.8% (£129.2 million). When the impact of acquisitions is excluded from revenue, like for like ("LFL") revenue increased by 9.3% when compared to H1 FY22.

The increase in LFL revenue largely reflects the general increase in prices across the industry. The increase in the Bricks and Building Materials division, however, is at a lower level than the other divisions due to the volatility in the timber market which has seen an expected fall in prices.

Revenue by division was:

	H1 FY23 £'000	H1 FY22 £'000	% Increase	LFL % increase
Bricks and Building Materials	**270,101**	171,713	57.3%	4.3%
Importing	**54,125**	32,134	68.4%	51.4%
Distribution	**31,041**	20,666	50.2%	35.8%
Contracting	**19,880**	10,505	89.2%	18.2%
Group eliminations	**(22,478)**	(11,515)	95.2%	
Total	**352,669**	223,503	57.8%	9.3%

Gross profit for the 6 months increased by 40.8% to £54.9 million (H1 FY22: £39.0 million) whilst the Group's gross margin percentage decreased to 15.6% (H1 FY22: 17.4%). This has been driven primarily by the acquisition of the Taylor Maxwell business during the prior year, which has traditionally operated on lower margins than the original Brickability Group, together with the normalisation of timber margins and inflationary pricing pressures in the market.

Adjusted profit and adjusted EBITDA

Statutory profit before tax of £15.3 million (H1 FY22: £8.9 million) includes other items of £7.1 million (H1 FY22: £6.8 million) 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 increased by 45.7% to £25.5 million for the first six months of FY23 compared to £17.5 million in the same period last year. EBITDA as a percentage of turnover has fallen slightly to 7.2% (H1 FY22: 7.8%, FY 2022: 7.6%) due mainly to the impact of the of the Taylor Maxwell business as noted above.

Adjusted EBITDA by division was:

	H1 FY23 £'000	H1 FY23 EBITDA as % turnover	H1 FY22 £'000	H1 FY22 EBITDA as % turnover
Bricks and Building Materials	**15,704**	5.8%	11,261	6.6%
Importing	**5,424**	10.0%	3,151	9.8%
Distribution	**4,953**	16.0%	3,918	19.0%
Contracting	**2,565**	12.9%	949	9.0%
Central	**(3,112)**	-	(1,752)	-
Total	**25,534**	7.2%	17,527	7.8%

Profit before tax

Profit before tax for the period was £15.3 million (H1 FY22: £8.9 million). Comparative results to 30 September 2021 have been restated, following completion of the fair value assessment of consideration and net assets acquired through business combinations shortly before the period end.

The decrease of £3.0 million in H1 FY22 profit before tax, compared to the £11.9 million originally reported, primarily relates to a charge of £2.2 million in connection with earn-out consideration payable for the acquisition of Taylor Maxwell. Contingent consideration of £13.0 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 is treated as remuneration costs and recognised 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 3.90 pence per share (H1 FY22: 1.95p restated), while adjusted basic EPS was 6.00 p per share (H1 FY22: 4.89p restated). Adjusted EPS is an underlying EPS, based on the adjusted profit as noted above.

Dividend

The Board is recommending an interim dividend of 1.01p per share (H1 FY22: 0.96p) to shareholders on the register at 27 January 2023. The ex-date and payment date for the dividend will be 26 January 2023 and 23 February 2023 respectively.

Cash flow and net debt

The Group generated operating cash flows before movements in working capital of £23.7 million in the first six months of the year compared to £15.4 million in the same period in FY22. Cash generated from operations was £6.3 million (H1 FY22: £7.0 million).

The net working capital outflow of £17.4 million is comprised of a £5.7 million outflow in respect of inventories, trade receivables and trade payables and £11.7 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) as at 30 September 2022 was £27.4 million compared to a net cash position as at 30 September 2021 of £2.8m, and is an increase of £27.0 million since the net cash position at 31 March 2022.

The increase in net debt during the period follows an increase in working capital requirements of £17.4 million (H1 FY22: £8.4 million), further investment in property plant and equipment and intangible assets of £5.8 million (H1 FY22: £3.6 million), tax paid of £5.0 million (H1 FY22: £2.5 million), dividends paid of £6.1 million (H1 FY22: £3.2 million), the initial payments for acquisitions of £15.4 million (H1 FY22: £39.5 million) and payment of deferred consideration, in relation to previous acquisitions, of £2.0 million (H1 FY22: £0.8 million). Net proceeds of £0.5 million (H1 FY22: £52.7 million) were received in relation to the issue of shares in the period.

Bank facilities

In June 2021, the Group re-financed into a £60 million revolving credit facility with an additional £25 million accordion, on a club basis with HSBC and Barclays, that runs for 3 years (with the option of two one-year extensions). Total bank debt as at 30 September 2022 was £34.1 million with a further £25.9 million of undrawn committed facilities available.

Defined benefit pension scheme

The Group acquired a defined benefit pension scheme during the prior period when it acquired Taylor Maxwell (2017) Limited. However, it has commenced a buy-out process to transfer the risk associated with the scheme. A buy-in contract was incepted on 7 July 2021 and the process to reach the full buy-out stage is well progressed. It is expected that it will be completed within the next 6 to 12 months.

Subsequent events

In October 2022, the Group granted a total of 4,037,124 options under its Long Term Incentive Plan (LTIP) to employees, as previously announced, and in November 2022, the Group purchased a property for £2.3 million.

There are no other material post balance sheet events.

Mike Gant
Chief Financial Officer
25 November 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2022 (unaudited)

	Notes	**6 months ended 30 Sept 2022 £'000**	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Revenue		**352,669**	223,503	520,169
Cost of sales		**(297,720)**	(184,551)	(433,366)
Gross profit		**54,949**	38,952	86,803
Other operating income		**-**	-	354
Administrative expenses	5	**(37,654)**	(29,162)	(64,096)
Comprising:				
Depreciation and amortisation		**(6,122)**	(3,992)	(9,691)
Other administrative expenses		**(31,532)**	(25,170)	(54,405)
Impairment losses on financial assets		**(408)**	(301)	(450)
Finance income		**52**	27	54
Finance expense		**(2,253)**	(503)	(2,249)
Share of post-tax profit of equity accounted associates		**91**	20	55
Share of post-tax loss of equity accounted joint ventures		**(384)**	-	(149)
Fair value gains / (losses)		**886**	(110)	(1,916)
Profit before tax		**15,279**	8,923	18,406
Tax expense		**(3,640)**	(3,798)	(6,103)
Profit for the period		**11,639**	5,125	12,303
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension schemes		**26**	(1,987)	(1,970)
Deferred tax on remeasurement of defined benefit pension schemes		**(5)**	378	374
Fair value gain on investments in equity instruments designated as FVTOCI		**-**	-	53
Other comprehensive income for the period		**21**	(1,609)	(1,543)
Total comprehensive income/ (loss)		**11,660**	3,516	10,760
Profit/ (loss) for the year attributable to:				
Equity holders of the parent		**11,661**	5,160	12,387
Non-controlling interests		**(22)**	(35)	(84)
		11,639	5,125	12,303
Total comprehensive income/ (loss) attributable to:				
Equity holders of the parent		**11,682**	3,551	10,844
Non-controlling interests		**(22)**	(35)	(84)
		11,660	3,516	10,760

Earnings per share

Basic earnings per share	7	**3.90 p**	1.95 p	4.40 p
Diluted earnings per share	7	**3.83 p**	1.92 p	4.32 p
Adjusted basic earnings per share	7	**6.00 p**	4.89 p	10.06 p
Adjusted diluted earnings per share	7	**5.89 p**	4.80 p	9.86 p

Adjusted profit

Adjusted profit excludes those items that are not considered to be directly attributable to the Group's underlying trade. It can be reconciled to statutory profit after tax as follows:

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Profit for the period	**11,639**	5,125	12,303
Acquisition costs	**171**	999	1,139
Re-financing costs	**-**	-	97
Earn-out consideration classified as remuneration under IFRS 3	**2,167**	2,167	4,333
Share-based payment expense (including employer NI)	**571**	880	1,597
Amortisation and impairment of intangible assets	**3,844**	2,635	6,349
Unwinding of discount on contingent consideration	**1,332**	48	938
Share of post-tax profit of equity accounted associates	**(91)**	(20)	(55)
Fair value (gains)/ losses on contingent consideration	**(886)**	110	1,916
Tax on adjusting items	**(844)**	938	(391)
Adjusted profit for the period	**17,903**	12,882	28,226
Share of post-tax loss of equity accounted joint ventures	**-**	-	149
Depreciation and amortisation	**2,278**	1,357	3,342
Finance income	**(52)**	(27)	(54)
Finance expense	**921**	455	1,311
Tax expense	**4,484**	2,860	6,494
Adjusted EBITDA	**25,534**	17,527	39,468

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

Condensed Consolidated Balance Sheet
Six months ended 30 September 2022 (unaudited)

	Notes	**6 months ended 30 Sept 2022 £'000**	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Non-current assets				
Property, plant and equipment		**23,363**	15,860	18,555
Right of use assets		**12,489**	10,576	12,162
Intangible assets		**158,895**	133,061	150,585
Investments in equity accounted associates		**321**	241	261
Investments in equity accounted joint ventures		**2,600**	-	279
Investments in financial assets		**178**	125	178
Deferred tax assets		**-**	98	-
Trade and other receivables		**1,344**	491	1,023
Total non-current assets		**199,190**	160,452	183,043
Current assets				
Inventories		**36,579**	26,807	28,120
Trade and other receivables		**131,970**	118,788	131,202
Employee benefits		**660**	833	781
Current income tax assets		**-**	-	101
Cash and cash equivalents		**6,698**	18,389	25,028
Total current assets		**175,907**	164,817	185,232
Total assets		**375,097**	325,269	368,275
Current liabilities				
Trade and other payables		**(126,685)**	(125,162)	(140,046)
Current income tax liabilities		**(756)**	(1,283)	-
Lease liabilities		**(2,289)**	(1,825)	(2,216)
Total current liabilities		**(129,730)**	(128,270)	(142,262)
Non-current liabilities				
Trade and other payables		**(21,559)**	(4,490)	(17,717)
Loans and borrowings	10	**(33,820)**	(15,160)	(24,240)
Lease liabilities		**(10,813)**	(9,233)	(10,417)
Provisions		**(1,413)**	(1,694)	(1,728)
Deferred tax liabilities		**(16,722)**	(17,429)	(17,427)
Total non-current liabilities		**(84,327)**	(48,006)	(71,529)
Total liabilities		**(214,057)**	(176,276)	(213,791)
Net assets		**161,040**	148,993	154,484

Equity			
Called up share capital	**2,997**	2,982	2,985
Share premium account	**102,633**	102,134	102,146
Capital redemption reserve	**2**	2	2
Share-based payment reserve	**2,438**	832	1,930
Merger reserve	**11,146**	11,146	11,146
Retained earnings	**41,936**	31,938	36,365
Equity attributable to equity holders of the parent	**161,152**	149,034	154,574
Non-controlling interests	**(112)**	(41)	(90)
Total equity	**161,040**	148,993	154,484

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2022 (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 2021	**2,305**	**49,999**	**2**	**266**	**1,245**	**31,623**	**85,440**	**(6)**	**85,434**
Profit for the six months to 30 September 2021 (as restated)	-	-	-	-	-	5,160	5,160	(35)	5,125
Other comprehensive income for the six months to 30 September 2021 (as restated)	-	-	-	-	-	(1,609)	(1,609)	-	(1,609)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**3,551**	**3,551**	**(35)**	**3,516**
Dividends paid	-	-	-	-	-	(3,236)	(3,236)	-	(3,236)
Issue of paid shares	578	54,422	-	-	-	-	55,000	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000	-	10,000
Share issue costs	-	(2,287)	-	-	-	-	(2,287)	-	(2,287)
Increase in share-based payment reserve	-	-	-	566	-	-	566	-	566
Total contributions by and distributions to owners	**677**	**52,135**	**-**	**566**	**9,901**	**(3,236)**	**60,043**	**-**	**60,043**
At 30 September 2021 (restated)	**2,982**	**102,134**	**2**	**832**	**11,146**	**31,938**	**149,034**	**(41)**	**148,993**
Profit for the six months to 31 March 2022	-	-	-	-	-	7,227	7,227	(49)	7,178
Other comprehensive income for the six months to 31 March 2022	-	-	-	-	-	66	66	-	66
Total comprehensive income for the six months to 31 March 2022	**-**	**-**	**-**	**-**	**-**	**7,293**	**7,293**	**(49)**	**7,244**
Dividends paid	-	-	-	-	-	(2,866)	(2,866)	-	(2,866)
Issue of shares on exercise of share options	3	12	-	-	-	-	15	-	15
Equity settled share-based payments	-	-	-	607	-	-	607	-	607
Deferred tax on share-based payment transactions	-	-	-	491	-	-	491	-	491
Total contributions by and distributions to owners	**3**	**12**	**-**	**1,098**	**-**	**(2,866)**	**(1,753)**	**-**	**(1,753)**
At 31 March 2022	**2,985**	**102,146**	**2**	**1,930**	**11,146**	**36,365**	**154,574**	**(90)**	**154,484**

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	-	-	-	-	-	11,661	11,661	(22)	11,639
Other comprehensive income for the six months to 30 September 2022	-	-	-	-	-	21	21	-	21
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**11,682**	**11,682**	**(22)**	**11,660**
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**	**41,936**	**161,152**	**(112)**	**161,040**

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2022 (unaudited)

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Operating activities			
Profit for the period	**11,639**	5,125	12,303
Adjustments for:			
Depreciation of property, plant and equipment	**940**	472	1,143
Depreciation of right of use assets	**1,338**	885	2,136
Amortisation of intangible assets	**3,844**	2,635	6,396
Gain on disposal of property, plant & equipment and right of use assets	**(31)**	(6)	(75)
Foreign exchange losses/ (gains)	**138**	(13)	(27)
Share-based payments expense	**571**	880	1,597
Other operating income	**-**	-	(27)
Share of post-tax profit in equity accounted associates	**(91)**	(20)	(55)
Share of post-tax loss in equity accounted joint ventures	**384**	-	149
Impairment of goodwill	**-**	-	16
Fair value changes in contingent consideration	**(886)**	110	1,916
Movements in provisions	**(315)**	(22)	12
Finance income	**(52)**	(27)	(54)
Finance expense	**2,253**	503	2,249
Acquisition expenses	**171**	999	1,236
Income tax expense	**3,640**	3,798	6,103
Pension charge in excess of contributions paid	**155**	47	140
Operating cash flows before movements in working capital	**23,698**	15,366	35,158
Changes in working capital:			
Increase in inventories	**(4,284)**	(5,540)	(6,700)
Decrease/ (Increase) in trade and other receivables	**8,949**	(11,263)	(22,194)
(Decrease)/ Increase in trade and other payables	**(22,071)**	8,397	21,234
Cash generated from operations	**6,292**	6,960	27,498
Payment of exceptional acquisition expenses	**(171)**	(999)	(1,139)
Interest received	**8**	15	18
Interest paid	**-**	(161)	-
Income taxes paid	**(5,047)**	(2,541)	(7,256)
Net cash generated from operating activities	**1,082**	3,274	19,121

Investing activities			
Purchase of property, plant and equipment	**(5,582)**	(3,589)	(6,317)
Proceeds from sale of property, plant and equipment	**86**	35	187
Purchase of intangible assets	**(264)**		(488)
Acquisition of subsidiaries	**(15,403)**	(39,467)	(50,292)
Net cash acquired with subsidiary undertakings	**4,722**	2,679	3,422
Acquisition of interests in joint ventures	**(2,608)**	-	(428)
Proceeds from repayment of directors' loans	**-**	-	978
Dividends received from associates	**30**	-	15
Net cash used in investing activities	**(19,019)**	(40,342)	(52,923)
Financing activities			
Equity dividends paid	**(6,111)**	(3,236)	(6,102)
Proceeds from issue of ordinary shares net of share issue costs	**499**	52,714	52,728
Payment of financing costs	**-**	-	(97)
Proceeds from bank borrowings	**53,000**	41,100	52,100
Repayment of bank borrowings	**(43,500)**	(41,400)	(43,400)
Payment of lease liabilities	**(1,357)**	(1,094)	(2,103)
Payment of deferred and contingent consideration	**(2,038)**	(847)	(1,358)
Interest paid	**(882)**	-	(1,139)
Payment of transaction costs relating to loans and borrowings	**-**	(375)	(375)
Net cash generated from/ (used in) financing activities	**(389)**	46,862	50,254
Net increase/ (decrease) in cash and cash equivalents	**(18,326)**	9,794	16,452
Cash and cash equivalents at beginning of period	**25,028**	8,592	8,592
Effect of changes in foreign exchange rates	**(4)**	3	(16)
Cash and cash equivalents at end of period	**6,698**	18,389	25,028

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 September 2022 (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 this 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 2022. 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 2022 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 2022 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 2022 and 30 September 2021 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 2022 annual financial statements. There have been no 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 2022 annual financial statements.

5. Segmental analysis

During the period, the Group changed its reportable segments due to increasing diversification following recent acquisitions. It now 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.

This is the first time results have been presented in these divisions and thus the results reported for previous periods have also been re-presented for comparison purposes. 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 2022					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	270,101	42,865	27,259	-	(17,465)	322,760
Revenue from rendering of services	-	11,260	3,782	19,880	(5,013)	29,909
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						(6,122)
Acquisition costs						(171)
Earn out consideration classified as remuneration under IFRS 3						(2,167)
Share-based payment expense						(571)
Finance income						52
Finance expense						(2,253)
Share of results of associates						91
Fair value gains and losses						886
Group profit before tax						**15,279**

	6 months ended 30 September 2021 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	171,713	25,525	20,666	-	(9,463)	208,441
Revenue from rendering of services	-	6,609	-	10,505	(2,052)	15,062
Total revenue	**171,713**	**32,134**	**20,666**	**10,505**	**(11,515)**	**223,503**
Adjusted EBITDA	**11,261**	**3,151**	**3,918**	**949**	**(1,752)**	**17,527**
Depreciation and amortisation						(3,992)
Acquisition costs						(999)
Earn out consideration classified as remuneration under IFRS 3						(2,167)
Share-based payment expense						(880)
Finance income						27
Finance expense						(503)
Share of results of associates						20
Fair value gains and losses						(110)
Group profit before tax						**8,923**

	Year ended 31 March 2022 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	404,582	56,826	44,206	-	(22,945)	482,669
Revenue from rendering of services	-	15,454	2,820	24,788	(5,562)	37,500
Total revenue	**404,582**	**72,280**	**47,026**	**24,788**	**(28,507)**	**520,169**
Adjusted EBITDA	**24,317**	**8,273**	**7,849**	**2,680**	**(3,651)**	**39,468**
Depreciation and amortisation						(9,691)
Acquisition and re-financing costs						(1,236)
Earn out consideration classified as remuneration under IFRS 3						(4,333)
Share-based payment expense						(1,597)
Finance income						54
Finance expense						(2,249)
Share of results of associates						55
Share of results of joint ventures						(149)
Fair value gains and losses						(1,916)
Group profit before tax						**18,406**

	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	28,263	52,809	30,264	3,943	196,091
Current segment assets	111,735	30,849	23,043	10,281	-	175,907
Total segment assets	**192,547**	**59,112**	**75,852**	**40,545**	**3,943**	**371,998**
Investment in associates						321
Investment in joint ventures						2,600
Investments in financial assets						178
Group assets						**375,097**
Total segment liabilities	(99,418)	(26,196)	(10,994)	(5,307)	(21,600)	(163,515)
Loans and borrowings (excluding leases)						(33,820)
Deferred tax liabilities						(16,722)
Group liabilities						**(214,057)**

	6 months ended 30 September 2021 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	83,923	14,296	38,040	23,729	-	159,988
Current segment assets	124,875	14,526	17,643	6,818	955	164,817
Total segment assets	**208,798**	**28,822**	**55,683**	**30,547**	**955**	**324,805**
Investment in associates						241
Investments in financial assets						125
Deferred tax assets						98
Group assets						**325,269**
Total segment liabilities	(93,743)	(11,960)	(10,951)	(3,780)	(23,253)	(143,687)
Loans and borrowings (excluding leases)						(15,160)
Deferred tax liabilities						(17,429)
Group liabilities						**(176,276)**

	Year ended 31 March 2022 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	82,280	16,123	52,901	30,490	531	182,325
Current segment assets	131,498	17,258	25,258	10,143	1,075	185,232
Total segment assets	**213,778**	**33,381**	**78,159**	**40,633**	**1,606**	**367,557**
Investment in associates						261
Investment in joint ventures						279
Investments in financial assets						178
Deferred tax assets						-
Group assets						**368,275**
Total segment liabilities	(99,360)	(15,433)	(4,357)	(4,720)	(48,254)	(172,124)
Loans and borrowings (excluding leases)						(24,240)
Deferred tax liabilities						(17,427)
Group liabilities						**(213,791)**

6. Dividends

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 March 2022 of 1.0850p per share (30 Sept 2021: for the year ended 31 March 2021 of 1.0850p per share) (31 March 2022: for the year ended 31 March 2021 of 1.0850p per share)	**6,111**	3,236	3,236
Interim dividend for the year ended 31 March 2023 (31 March 2022: for the year ended 31 March 2022 of 0.96p per share)	**-**	-	2,866
Total dividends paid during the period	**6,111**	3,236	6,102

The Directors recommend that an interim dividend of 1.01p per ordinary share be paid for the year ended 31 March 2023. 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 2022			6 months ended 30 September 2021 (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	**11,661**	**298,826,434**	**3.90**	5,160	264,356,685	1.95
Effect of dilutive securities						
Employee share options	**-**	**5,411,479**	**-**	-	5,017,128	-
Diluted earnings per share	**11,661**	**304,237,913**	**3.83**	5,160	269,373,813	1.92

	Year ended 31 March 2022 (Audited)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**
Basic earnings per share	12,387	281,474,903	4.40
Effect of dilutive securities			
Employee share options	-	5,512,650	-
Diluted earnings per share	12,387	286,987,553	4.32

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 2022			6 months ended 30 September 2021 (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	**17,925**	**298,826,434**	**6.00**	12,917	264,356,685	4.89
Effect of dilutive securities						
Employee share options	**-**	**5,411,479**	**-**	-	5,017,128	-
Adjusted diluted earnings per share	**17,925**	**304,237,913**	**5.89**	12,917	269,373,813	4.80

	Year ended 31 March 2022 (Audited)		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**
Adjusted basic earnings per share	28,310	281,474,903	10.06
Effect of dilutive securities			
Employee share options	-	5,512,650	-
Adjusted diluted earnings per share	28,310	286,987,553	9.86

8. Business combinations

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

Company acquired	Acquisition date
Modular Clay Products Limited	31 May 2022
E. T. Clay Products Limited	30 September 2022
Heritage Clay Tiles Limited	30 September 2022

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

	Modular Clay Products Limited £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Property plant and equipment	16	157	29
Right of use assets	28	-	-
Inventory	164	2,838	1,172
Trade and other receivables	2,569	8,651	1,072
Cash and cash equivalents	4,205	627	(109)
Trade and other payables	(1,785)	(5,524)	(2,214)
Current income tax liabilities	(514)	(878)	(37)
Lease liabilities	(28)	-	-
Deferred tax	8	(31)	60
Total identifiable net assets/ (liabilities)	4,663	5,840	(27)
Goodwill	5,010	5,868	1,012
Total consideration	9,673	11,708	985
Satisfied by:			
Cash paid	7,283	7,490	630
Deferred cash consideration	-	1,008	85
Contingent consideration	2,390	3,210	270
Total consideration	9,673	11,708	985

Due to the timing of the acquisitions, 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 expected to change. Residual goodwill will primarily comprise the value of the assembled workforce and expected synergies arising from the acquisition. None of the goodwill is expected to be deductible for tax purposes.

The above consideration is subject to post completion adjustments and the deferred and contingent consideration is undiscounted.

The acquisitions were carried out in order to expand the Group's presence in the specification market and further broaden the Group's access to manufacturers outside of the UK.

Included in the consolidated financial statements are the following amounts of revenue and profit in respect of the subsidiaries acquired:

	Modular Clay Products Limited £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Revenue	5,088	-	-
Net profit	829	-	-

Had the current year business combinations taken place at the beginning of the financial period, the Group's revenue for the period would have been £379,958,000 and Group profit would have been £14,379,000.

Acquisition related costs in connection with the above companies, included in administrative expenses, amounted to £171,000 as shown below. Due to the timing of the acquisitions, not all costs have been invoiced or finalised at the time of approving these interim financial statements.

	Modular Clay Products Limited £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Acquisition costs	100	60	11

Contingent consideration

The Group has entered into contingent consideration arrangements during the purchase of 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 2022 £'000	Fair value at 30 September 2021 £'000	Undiscounted amount payable 30 September 2022 £'000	Undiscounted amount payable 30 September 2021 £'000
U Plastics Limited	3.5%	2,208	1,100	2,306	1,116	2,400
Bathroom Barn Limited	1.7%	231	98	227	100	233
McCann Logistics Ltd	1.7%	889	1,584	890	1,604	913
Taylor Maxwell Group (2017) Limited	4.1%	-	431	-	435	-
SBS Cladding Limited	4.1%	1,845	1,434	-	1,500	-
Leadcraft Limited	10.4%	722	700	-	861	-
HBS NE Limited	16.1% - 23.6%	10,069	11,287	-	21,513	-
Beacon Roofing Limited	4.1% - 10.4%	1,172	1,933	-	2,355	-

As noted above, the amounts included in respect of Modular Clay Products Limited, E. T. Clay Products Limited and Heritage Clay Tiles Limited are undiscounted, pending completion of a detailed fair value assessment.

The amounts for Beacon Roofing Limited, which was acquired on 31 March 2022, are also subject to completion of a detailed fair value assessment which is in progress at the time of preparing these interim financial statements.

The total potential undiscounted amount payable in respect of U Plastics ranges from £246,000 to £2,400,000 (2021: £246,000 to £2,400,000). The amount payable for SBS Cladding Limited ranges from £500,000 to £2,000,000. It is not possible to determine a range of outcomes for the other companies acquired as the arrangements do not contain a maximum payable.

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 2022 in respect of this earn-out consideration, presented within other administrative expenses.

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

Business combinations completed in prior periods

Taylor Maxwell Group (2017) Limited

The Group acquired 100% of the share capital and voting rights in Taylor Maxwell Group (2017) Limited on 30 June 2021. As disclosed in the 2021 interim financial statements, the value of the identifiable net assets of Taylor Maxwell had been included at 30 September 2021 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 2022.

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	3,519	-	3,519
Right of use assets	2,971	6	2,977
Identifiable intangible assets		42,099	42,099
Inventory	9,126	-	9,126
Trade and other receivables	63,939	1	63,940
Employee benefits	2,689	166	2,855
Cash and cash equivalents	2,585	1	2,586
Trade and other payables	(72,726)	(1,441)	(74,167)
Current income tax liabilities	(380)	261	(119)
Lease liabilities	(3,115)	(7)	(3,122)
Provisions	-	(469)	(469)
Deferred tax	(439)	(10,968)	(11,407)
Total identifiable net assets	8,169	29,649	37,818
Goodwill	54,086	(42,649)	11,437
Total consideration	62,255	(13,000)	49,255
Satisfied by:			
Cash paid	36,167	1,947	38,114
Share consideration	10,000	-	10,000
Deferred cash consideration	3,088	(1,947)	1,141
Contingent consideration	13,000	(13,000)	-
Total consideration	62,255	(13,000)	49,255

Had the full fair value assessment been carried out prior to announcing the interim results to September 2021, these interim financial statements would have differed as follows:

- £2,167,000 would have been recognised in administrative expenses in respect of earn-out consideration payable to the sellers of Taylor Maxwell. As outlined earlier in note 8, 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 deferred consideration.
- Amortisation amounting to £702,000 would have been charged on the intangible assets recognised. A deferred tax credit of £133,000 would have also been recognised on the release of the associated deferred tax liability over the intangible assets' useful life.
- A decrease of £2,022,000 would have been recognised in the defined benefit pension asset, had the scheme been re-valued at 30 September 2021. This would have resulted in a loss of £1,987,000 being recorded in OCI, in respect of the re-measurement of the pension scheme, an increase in administrative expenses of £47,000 and an increase in interest income of £12,000. In addition, deferred tax would have decreased by £378,000 with a corresponding credit within OCI.

Rangeley Holdings Limited and Leadcraft Limited

The Group acquired 100% of the share capital and voting rights in Rangeley Holdings Limited and Leadcraft Limited on 31 July 2021. As disclosed in the 2021 interim financial statements, the value of the identifiable net assets of had also been included at 30 September 2021 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 2022.

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	128	-	128
Right of use assets	103	30	133
Identifiable intangible assets	-	1,782	1,782
Inventory	13	-	13
Trade and other receivables	778	-	778
Cash and cash equivalents	94	-	94
Trade and other payables	(247)	-	(247)
Current income tax liabilities	(138)	-	(138)
Lease liabilities	(103)	(30)	(133)
Deferred tax	(18)	(424)	(442)
Total identifiable net assets	610	1,358	1,968
Goodwill	4,890	(1,361)	3,529
Total consideration	5,500	(3)	5,497
Satisfied by:			
Cash paid	3,300	232	3,532
Deferred cash consideration	1,320	(77)	1,243
Contingent consideration	880	(158)	722
Total consideration	5,500	(3)	5,497

Had the full fair value assessment been carried out prior to announcing the interim results to September 2021, these interim financial statements would have differed as follows:

- Amortisation amounting to £36,000 would have been charged on the intangible assets recognised. A deferred tax credit of £7,000 would have also been recognised on the release of the associated deferred tax liability over the intangible assets' useful life.

The September 2021 comparatives have been restated in these interim financial statements to reflect the above changes for both acquisitions.

A prior period restatement would usually require the presentation of a third balance sheet at 1 April 2021. 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.

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 2022: £435,000 – £53,781,000 Sept 2021: £1,110,000 – £3,766,000 March 2022: £485,000 – £55,468,000	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 £1,486,000 (2021: £327,000). A 10% decrease in EBITDA would result in a decrease in the liability of £2,138,000 (2021: £335,000). (March 2022: increase of £1,982,000 and decrease of £2,282,000)
		Discount rate	Sept 2022: 1.7% - 23.6% Sept 2021: 1.7% - 4.9% March 2022: 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 £695,000 (2021: £85,000). A 2% decrease in the rate would result in an increase in the liability of £629,000 (2021: £82,000). (March 2022: decrease of £794,000 and increase of £730,000)

Reconciliation of level 3 fair value measurements of financial instruments

Contingent consideration liability	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
At 1 April	**19,581**	3,442	3,442
Additions through business combinations	**5,870**	880	13,808
Finance expense charged to profit or loss	**1,309**	46	900
Settlement	**(1,435)**	(175)	(485)
Fair value (gains)/ losses recognised in profit or loss	**(886)**	110	1,916
At 30 September/ 31 March	**24,439**	4,303	19,581

10. Loans and borrowings

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000
Current loans and borrowings at 1 April	**-**	-	-
Non-current loans and borrowings at 1 April	**24,240**	15,750	15,750
Total loans and borrowings at 1 April	**24,240**	15,750	15,750
Issue of bank loans	**53,000**	41,100	52,100
Repayment of bank loans	**(43,500)**	(41,400)	(43,400)
Payment of transactions costs	**-**	(375)	(375)
Other movements*	**80**	85	165
Loans and borrowings at 30 September/ 31 March	**33,820**	15,160	24,240
Analysed as:			
Current loans and borrowings	**-**	-	-
Non-current loans and borrowings	**33,820**	15,160	24,240
Loans and borrowings at 30 September/ 31 March	**33,820**	15,160	24,240

*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.

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 therefore also acquired the Taylor Maxwell Group Limited Pension and Assurance Scheme which is funded by the payment of contributions to a separately administered trust fund. The defined benefit pension scheme is closed to future accrual. Pension benefits are related to the members' final salary at retirement (or earlier date of leaving or death) and their length of service.

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. The process is ongoing and is expected to reach full buy-out stage within the next 12 months.

The value of the defined benefit scheme at each reporting date is as follows:

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Assets	**7,481**	10,700	10,126
Liabilities	**(6,821)**	(9,867)	(9,345)
Pension net asset	**660**	833	781

The discount and inflation rate assumptions used in the valuations are as follows:

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Discount rate	**5.6%**	2.0%	2.6%
Inflation rate (CPI)	**3.4%**	3.1%	3.6%
Pension increases (Post 1988 GMP)	**2.8%**	2.6%	2.8%
Pension increases (Post 1997 pension)	**3.4%**	3.1%	3.6%

The valuations for September 2021 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 2022. Other principal assumptions, in respect of mortality rates, are consistent with those set out in that Annual Report and Accounts for all periods.

The fair value of the scheme assets is analysed as follows:

	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 (Restated) £'000	Year ended 31 March 2022 (Audited) £'000
Cash fund and net current assets	**834**	1,037	980
Insured annuities	**6,647**	9,663	9,146
Fair value of scheme assets	**7,481**	10,700	10,126

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 2022 £'000	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000
Key management personnel compensation			
Short-term employee benefits	**1,808**	1,252	6,355
Post-employment benefits	**40**	18	56
Share-based payment expense	**200**	168	417
Termination benefits	**-**	-	409
	2,048	1,438	7,237

During the interim period, the Group made sales amounting to £21,000 (2021: £7,000 and year to 31 March 2022: £12,000) to members of key management. A £nil balance was included within trade receivables at each the reporting date, in respect of these sales.

A balance of £nil (2021: £nil and year to 31 March 2022: £24,000) is included in other payables in respect of a deposit paid by a member of key management.

Other related parties

Included within trade 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 2022 £'000	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000	**6 months ended 30 Sept 2022 £'000**	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000
Associates	**-**	-	-	**92**	138	104
Other related parties	**-**	-	-	**-**	-	-
	-	-	-	**92**	138	104

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

	Purchases from related parties		
	6 months ended 30 Sept 2022 £'000	6 months ended 30 Sept 2021 £'000	Year ended 31 March 2022 (Audited) £'000
Associates	**239**	297	512
Other related parties	**106**	109	219
	345	406	731

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

13. Post balance sheet events

On 27 October 2022, the Group granted a total of 4,037,124 options under its Long Term Incentive Plan (LTIP) to employees, including to directors and management ('Management Options'). The Management Options were granted on the same terms as previous awards and are subject to a performance period from 1 April 2022 to 31 March 2025. Grants to other employees are not subject to performance criteria but do contain a service condition to remain in employment during the three years to 31 March 2025.

On 24 November 2022, the Group purchased a property for £2,336,0000.