**8 MARCH 2023**

**GALLIFORD TRY HOLDINGS PLC**

**HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**Confident outlook and strong performance**

- **Profit before tax up 65% to £11.7m** (H1 2022: £7.1m) before exceptional costs[1,4].
- **Revenue up 14% to £679m** (H1 2022: £594m).
- **Divisional operating margin increased to 2.3%** (H1 2022: 2.2%)[2], making good progress against the Sustainable Growth Strategy.
- **Continued strong balance sheet**, with average month-end cash for the period of £154m (H1 2022: £180m) and a PPP asset portfolio of £46.1m (June 2022: £47.5m).
- **Interim dividend up 36% to 3.0p per share** (H1 2022: 2.2p), with established dividend cover policy of 2.0x annual earnings.
- **Additional capital return of up to £15m** through the Group's ongoing share buyback programme.
- **Environment business further enhanced** by the acquisition of the specialist businesses, MCS Control Systems and Ham Baker.
- **Sustainable Growth Strategy** on track to meet our carbon reduction commitments and financial targets to 2026.
- **Full year profit before tax** expected to be at the upper end of current analyst estimates[3].
- **Confident outlook with £3.5bn** high quality and focused order book (H1 2022: £3.4bn) with 95% and 79% of projected FY23 and FY24 revenue secured.

| | **H1 2023** | H1 2022 | **Change** |
|---|---|---|---|
| Revenue | **£679m** | £594m | +£85m |
| Operating profit before amortisation[1,4] | **£10.8m** | £6.9m | +£3.9m |
| Divisional operating margin[2] | **2.3%** | 2.2% | 0.1ppt |
| Profit before tax[1,4] | **£11.7m** | £7.1m | +£4.6m |
| Statutory profit/(loss) before tax | **£7.2m** | £(2.6)m | +£9.8m |
| Earnings per share[1,4] | **8.8p** | 5.9p | +2.9p |
| Earnings/(loss) per share after exceptional items | **5.5p** | (1.2)p | +6.7p |
| Interim dividend per share | **3.0p** | 2.2p | +36% |
| Average month end cash | **£154m** | £180m | £(26)m |
| Order book | **£3.5bn** | £3.4bn | +£0.1bn |

1. Stated before exceptional items. H1 2023 £4.5m exceptional items relate to our investment in the implementation of cloud-based IT systems (H1 2022 £9.7m exceptional items relate to the acquisition of nmcn's water business (£6.3m) and the implementation of cloud-based IT systems (£3.4m)).
2. Divisional operating margin is defined as pre-exceptional operating profit before amortisation as a percentage of revenue. It is stated for the combined Building and Infrastructure divisions.
3. The range of analysts' estimates for pre-exceptional profit before tax for the year ending 30 June 2023 is £20.3m to £23.3m based on forecasts at 1 March 2023.
4. Includes profit on disposal of £3.6m of our interest in a joint venture arrangement.

***Bill Hocking, Chief Executive, commented:***

"I am pleased with the Group's performance in the first half of the financial year, seeing increasing revenue and divisional operating margin, as we continue to make good progress against our strategic objectives. Our strong performance is a reflection of our excellent people and well established relationships with our supply chain and clients.

In line with our Sustainable Growth Strategy, we acquired the specialist businesses of MCS Control Systems and Ham Baker in the first six months of the year, which further enhance our Environment business' off-site build and asset optimisation offering to clients. The integration of these businesses is progressing well.

Our strong and high quality order book, in our chosen sectors, provides visibility and security of future workloads. Together with our excellent people and our strong balance sheet, this gives confidence in our ability to deliver our Sustainable Growth Strategy and continue to provide long-term sustainable value for our stakeholders."

**Enquiries to:**


| | | |
|---|---|---|
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This announcement contains inside information. The person responsible for making this announcement on behalf of Galliford Try is Kevin Corbett, General Counsel & Company Secretary.

Galliford Try's next Trading Update is scheduled for 12 July 2023.

**Presentations**

A conference call for analysts and institutional investors will be held at 09:30am GMT today, Wednesday 8 March 2023. To register for this event please follow this link:

https://stream.brrmedia.co.uk/broadcast/63c0314bddbb3277238ea732

Should you wish to ask a question, please dial-in on +44 (0)330 551 0200 quoting 'Galliford Try Half Year' when prompted by an operator, as it will not be possible to submit a question via the webcast link.

An open presentation and Q&A session for retail investors will be held on Friday 10 March 2023 at 10:30am GMT. Investors can register for the event via this link https://www.investormeetcompany.com/galliford-try-holdings-plc/register-investor

## SUSTAINABLE GROWTH STRATEGY

Our strategy is to deliver high-quality buildings and infrastructure, in a socially responsible way, while also providing a sustainable return for our shareholders. The Group's strategic priorities are a progressive culture, socially responsible delivery, focus on quality and innovation, and sustainable financial returns.

Our Sustainable Growth Strategy balances financial targets with wider commitments and aspirations to create long term value for all our stakeholders. We are making good progress against our financial targets to 2026, which we announced in September 2021:

| Objective | KPI | Target (2026) |
|---|---|---|
| **Earning a sustainable return on the value we deliver.** | Focus on bottom line margin growth | Divisional operating margin growth to **3.0%** |
| | Disciplined contract selection and sustainable revenue growth | Revenue growth towards **£1.6bn** |
| | Maintain strong balance sheet | Operating cash generation |
| | Sustainable dividends | Dividend cover of **2.0x** |

Our clear strategy will:

- retain our strong platform for sustainable growth, with a particular focus on our progressive culture, robust risk management and commercial discipline;
- improve our operational performance and drive margin progression; and
- deliver strong predictable cash flows, margin growth and sustainable returns.

Our financial targets will be achieved by continued selective bidding, improving operating margins and disciplined revenue growth in our existing markets of Highways, Environment and Building. We will target further growth in complementary and adjacent markets, utilising our balance sheet strength to deliver increased margins. These adjacent markets include co-development of Private Rented Sector (PRS) schemes in Building; developing our green retrofit offering within our Facilities Management team; and increasing our capital maintenance and asset optimisation capabilities within the existing Environment business.

## RISK MANAGEMENT AND ORDER BOOK

The Group's strategy is founded on commercial discipline and robust risk management. Our confidence in the Group's future performance is based on our strong and high quality order book, underpinned by management's discipline and focus, and robust future pipeline of opportunities. Our sector focus means c87% of contracts are delivered through frameworks providing a reliable stream of future work with relationship clients on known terms, conditions and risk profile.

At 31 December 2022 the Group's order book was £3.5bn (H1 2022: £3.4bn) of which 91% is in the public and regulated sectors and 9% is in the private sector. 95% of projected revenue for the current financial year is secured, and 79% is already secured for the next financial year (H1 2021: 95% and 81% respectively).

**OUTLOOK**

We have a strong track record and focus on the public and regulated sectors and are encouraged by the recent project wins and by the robust pipeline of new opportunities across our chosen sectors. The UK's planned investment in economic and social infrastructure supports growth in our core markets. Our recent specialist acquisitions, of MCS Control Systems and Ham Baker, grow and further enhance our Environment business' offering in the areas of off-site build and asset optimisation and demonstrate the strategic benefits of Galliford Try's strong balance sheet.

Our strong financial position and disciplined focus on risk management enabled us to successfully manage, without any significant overall impact on trading, the challenges around inflation and materials shortages, which are now beginning to ease. During 2022 the length of time taken to enter new contracts increased, initially in response to rising inflation and later due to delays in public sector decision making. We are also beginning to see these factors normalise, which provides further encouragement for the Group's future outlook.

We continue to trade well, winning a number of key frameworks and contracts in the period, as well as having sight of a strong future pipeline of projects. The Group is well placed for the financial year to 30 June 2023, with the Board anticipating that profit will be towards the upper end of the range of analyst estimates and we continue to make good progress against our Sustainable Growth Strategy.

**DIVIDEND AND CAPITAL ALLOCATION**

The directors have reviewed the Group's pre-exceptional results and outlook for the current financial year and have declared an interim dividend of 3.0p per share which will be paid on 14 April 2023 to shareholders on the register at the close of business on 17 March 2023.

The Group's key capital allocation objectives are:

- ***Supporting operational requirements and strategic opportunities***
  A strong balance sheet is an important element in delivering the Group's Sustainable Growth Strategy, as it provides a competitive advantage in the market, supports the Group's disciplined approach, and provides confidence to our clients and supply chain. Furthermore, and as demonstrated by the acquisitions of the water businesses of nmcn, in October 2021, and more recently MCS Control Systems and Ham Baker, a strong cash balance sheet enables the Group to react quickly to such strategic opportunities, that enhance our capabilities and increase future value.

- ***Mitigating the effect of future market downturns***
  The future outlook across our markets remains very encouraging and supports our strategy. The Group will continue to ensure that it is prepared for any adverse change in market conditions that may arise. Our strong balance sheet is particularly important for the Group to continue to operate its disciplined approach to contract selection and focus on operating margin, irrespective of any short term economic concerns. The recent inflationary pressures clearly demonstrate the value and importance of the Group's risk management framework and focus.

- ***Paying sustainable dividends to shareholders***
  The Board understands the importance of dividends to shareholders, and in setting its dividend considers the Group's profitability, its strong balance sheet, high quality order book and longer term prospects. Consistent with this approach, the Group expects dividend per share to increase in line with earnings, with a dividend cover of 2.0 times annual earnings.

We continue to assess the cash requirements of the business to ensure the Group remains well positioned to deliver on its Sustainable Growth Strategy. Consistent with the framework set out above, in September 2022 the Group announced an initial share buyback programme to repurchase up to £15m of ordinary shares of 50 pence per share. The Board is satisfied with the progress of this buyback programme, with a total of 2,349,508 shares purchased and cancelled during the six months to 31 December 2022, at a total cost of £3.7m.

**Environment, Social and Governance (ESG) commitments**

Sustainability underpins our long-term success as it helps us to win work, engages our employees, benefits communities and the environment, and makes us more efficient. This is why our sustainability commitments are an integral part of our strategy. We monitor progress against the six pillars of our sustainability strategy, which are mapped to the UN Sustainable Development Goals, as set out below:

*Health and Safety*
The health, safety and wellbeing of our staff, subcontractors, suppliers, clients and the public remains the Group's top priority. During the period, we held our Health, Safety and Environmental conference, supporting our 2022/23 'Focus Areas' of inductions, plant, environmental and occupational health.

We continue to focus on leading indicators in our pursuit of 'no harm' and our behavioural safety programme, Challenging Beliefs, Affecting Behaviour, based on awareness, training, coaching and visible leadership, forms the backbone of our approach. This year, we launched our 'Choose the Safe Path' training programme which involves employees determining the outcome of site based scenarios to prevent incidents using immersive 3D technology.

*People*
We pride ourselves on creating a people-orientated, inclusive environment and, in January 2023, we received Bronze status from The Clear Company, a global diversity and inclusion specialist, for our commitment to embedding inclusive practices across our organisation. Progress in this area includes the launch of our first ever Menopause Policy, as well as a series of blogs and interviews which put a spotlight on different communities aiming to break down barriers in the workplace.

Early careers roles (apprentices, trainees and graduates) remain a key area of focus for both recruitment and development as these roles help us grow our own talent. We were pleased to have received a Gold Award through *The 5% Club's Employer Audit Scheme* which reviews businesses' approaches to inclusion and social mobility, and we continue to be recognised as a 'Top Graduate & Apprentice Employer' by TheJobCrowd.

We recognise the rising cost of living that households across the UK are facing and, in September 2022, we announced a one-off cost of living payment of up to £750 for more than half our employees and became early adopters of the new rate of Real Living Wage.

We are making progress with developing our employee value proposition, Grow Together, which will support our plans to be a destination employer.

*Environment and Climate Change*
We recognise the urgency of the climate change agenda and the role we have to play in decarbonising the economy for a greener, more sustainable future.

In June 2021, we pledged to achieve net zero carbon across our own operations (Scope 1 and 2) by 2030 and to achieve net zero across all activities (Scope 1, 2 and 3) by 2045 at the latest. To provide a clear route to reduce greenhouse gas emissions, we committed to achieving a verifiable science-based target validated by the Science Based Targets initiative (SBTi). During 2022, we performed a full inventory of our Scope 3 emissions, using external carbon consultants and submitted our proposed reduction targets to the SBTi in November for validation.

We also participated in CDP for the first time as a standalone construction company, achieving a climate change score of 'C', which provides a baseline against which we can monitor progress.

As well as driving down our own carbon footprint, we work with clients to design and construct low carbon buildings and infrastructure, and share best practice through our membership of the Construction Leadership Council's ConstZero initiative.

We continue to deliver our Net Zero Partners programme, an initiative to collaborate closely with our supply chain and design consultants to help reach our net zero carbon targets.

*Communities*
Delivering a legacy of positive social value outcomes is the right thing to do as a responsible business and is an increasingly important priority for our clients. Since we began reporting in FY22, we have delivered over £300m in social and local economic value through a combination of providing work for the local supply chain, providing opportunities for training and apprenticeships and job creation.

We recently took part in 'Unlocking Construction', which is developed by New Futures Network – part of HM Prisons and Probation Service, to promote careers and opportunities within the industry to prison leavers, aimed at helping sectors like construction fill skills gaps, while promoting positive change to prisoners, reducing the likelihood of repeat offending and benefiting wider society.

We continue to take part in the Considerate Constructors Scheme (CCS), which assesses sites on criteria including being considerate of local neighbourhoods and the public and our average CCS audit score increased in the six months to December 2022 from 41.8 to 43.2, which remains well above the industry average of 39.8.

*Clients*
We aim to deliver excellence for our clients.  We continue to drive innovation in modern methods of construction, and secured funding under the National Highways Innovation and Modernisation Designated Fund to trial an autonomous roadworks compaction process which could deliver significant outperformance compared to traditional methods.

In our Building business, we are collaborating with partners from across Europe to conduct the first UK field trials of an innovative new paint robot. The AI-supported robot has been designed to carry out large scale decorating tasks and laboratory testing suggests that deployment of the robot could lead to productivity improvements of over 30% and cost savings of at least 20% compared to traditional approaches.

Our increasing capability in supporting clients to design, build and maintain low carbon infrastructure and buildings is recognised by our selection to be on two of the working groups developing the UK Net Zero Carbon Buildings Standard (NZCBS), a cross-industry initiative which will provide a single agreed definition and methodology for the industry to determine what constitutes a net zero carbon building.

Our focus on building trusted relationships with our clients is reflected in the fact that 92% of our order book is repeat business. We were also pleased to receive the prize for Innovation at the Constructing Excellence National Awards; Contractor of the Year at the Learning Places Scotland Awards and Project of the Year at the Education Estates Awards.

*Supply Chain*
We continue to focus on developing collaborative, long-term relationships with our supply chain partners through our Advantage through Alignment (AtA) programme, with 60% of our core trades spend now with aligned subcontractors.

As a signatory of the Prompt Payment Code, we are committed to paying 95% of supply chain invoices within 60 days. We have made further improvements in how quickly we pay our suppliers, with 98% now paid within 60 days (FY22: 98%) and the average days to pay now 26 days. We are also making progress against the additional metric of paying 95% of invoices from suppliers with fewer than 50 employees within 30 days.

We continue to retain Gold status from the Supply Chain Sustainability School, an award-winning collaboration designed to upskill its members through free training and resources covering sustainability, off-site manufacturing, Building Information Modelling (BIM), Lean and Management.

Examples of collaboration with our supply chain that drive improvement are the launch of our Personal Protective Equipment (PPE) and packaging recycling scheme and the adoption of green ‘all-in-one’ welfare units on our sites.

**FINANCIAL REVIEW**

During the first half of the year, the Group delivered a strong performance resulting in increased revenue and divisional operating margin. Our operating performance, strong financial position and high quality order book provide confidence in our future performance.

Revenue for the half year to 31 December 2022 increased 14% to £679.2m (H1 2022: £594.0m), primarily reflecting disciplined growth in Infrastructure. This includes the benefit of a full six months’ trading from the nmcn water business, acquired in Autumn 2021.

Pre-exceptional operating profit before amortisation increased by 57% to £10.8m (H1 2022: £6.9m) including the profit on disposal of our interest in a joint venture arrangement. The combined divisional operating margin was 2.3% (H1 2022: 2.2%), with improvement in both Building and Infrastructure. Building generated profit of £9.3m (H1 2021: £8.4m), representing an operating margin of 2.3% (H1 2022: 2.2%), and Infrastructure generated profit of £6.5m (H1 2022: £4.3m), representing an operating margin of 2.3% (H1 2022: 2.1%).

There was a £5.0m pre-exceptional operating cost in aggregate across PPP Investments and Central Costs (H1 2022: £(5.8m)). PPP Investments includes the £3.6m profit on disposal of an interest in a joint venture entity during the period. Central Costs were slightly higher than H1 2022 reflecting increased share-based payment costs and some timing differences. Net interest income was £2.4m (H1 2022: £1.4m), the increase was largely a result of improved interest rates.

Pre-exceptional profit before tax was £11.7m (H1 2022: £7.1m). Exceptional items of £4.5m (H1 2022: £3.4m) have been incurred in the period in relation to our investment in cloud-based digital finance and commercial systems, part of our investment in our digital and data capabilities. Full details are set out in note 6 to the financial information. Post-exceptional profit before tax was £7.2m (H1 2022: loss £(2.6)m).

The pre-exceptional taxation charge of £2.3m reflects a forecast effective tax rate of 19.6% (H1 2021: 8.9%) for the year to 30 June 2023, which compares to the ‘standard’ effective tax rate of 20.5%.

Based on pre-exceptional earnings per share of 8.8p (H1 2022: 5.9p), and the outlook for the remainder of the financial year, the Board has declared an interim dividend of 3.0p per share (H1 2022: 2.2p).

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Our work on these contracts formally ceased following their termination in August 2018. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims and variations to the value of circa £95m in respect of these costs (June 2022: £95m). The Group has taken extensive legal advice on our entitlement, and we have been successful in two adjudications supporting the validity of the Group’s position. The claim is progressing in line with the expected timetable, with all associated legal and professional costs expensed or incurred. Taking into account the requirements of IFRS 15, the Group had constrained the revenue recognised in prior periods to the extent that it was highly probable not to result in a significant reversal in the future. At 31 December 2022, the Group has reviewed its assessed recoverability in accordance with IFRS 15. Given the progress, in line with expectations during the period, this is unchanged. The Group has also reviewed its expected credit loss provision in accordance with IFRS 9 for which there was no material change in the required provision since the prior year end.

The Group is well capitalised, maintaining its focus on disciplined cash management in line with the Board’s key capital allocation objectives. The Group operates with daily net cash, no debt facilities, and no defined benefit pension liabilities. Average month end cash balances for the first half year were strong at £154m. This is in line with the Board's expectations given the recent acquisitions, our ongoing investment in cloud-based digital systems as previously disclosed, and circa £10m of dividends and capital returns in the half year. Given these factors, along with some delayed contract starts in 2022, the Board anticipates that average cash for the full year to 30 June 2023 will be at a similar level.

The Group also benefits from a PPP asset portfolio of £46.1m, reflecting a blended 7.1% discount rate and generating interest income.

The Group is able to adopt appropriate discipline and risk management when sourcing new work supported by our strong balance sheet which is also important in providing confidence to our clients and supply chain. We are committed to pursuing a collaborative and open approach with our supply chain. Our performance under the Prompt Payment Code remains very strong, with 98% of invoices paid within 60 days in the period (H1 2022: 98%) and average payment being made in 26 days (H1 2022: 26 days).

The acquisition of MCS Control Systems in July 2022 and Ham Baker in November 2022 have resulted in an increase in intangible assets of £0.3m and in goodwill of £3.8m. The acquisitions further enhance the specialist offering in our Environment business and further increase our operational capabilities.

## OPERATIONAL REVIEW

### *Building*

The Group's Building business operates through regional offices, serving a range of public and commercial clients across the UK, with a focus on the Education, Defence and Custodial, Health and Commercial sectors, where we have core and proven strengths. Building also has a substantial presence in Scotland operating as Morrison Construction. Our Facilities Management business complements these operations by providing building maintenance services and we continue to grow the capabilities of this operation, with a specific focus on decarbonising existing buildings through retrofit and other interventions.

| | **H1 2023** | H1 2022 | **Change** |
|---|---|---|---|
| Revenue (£m) | **399.7** | 386.2 | 3% |
| Operating profit before amortisation (£m) | **9.3** | 8.4 | 11% |
| Operating margin (%) | **2.3** | 2.2 | 0.1ppt |
| Order book (£bn) | **2.1** | 2.0 | 5% |

Building generated revenue of £399.7m (H1 2022: £386.2m). Revenue is in line with the prior year as a result of some new contract starts delayed as a result of increased length of public sector and some private client procurement in 2022. Operating profit before amortisation was £9.3m (H1 2022: £8.4m), resulting in an operating margin of 2.3% (H1 2022: 2.2%). We continue to target margin progression reflecting the performance of projects across the business and our strategy of focusing on bottom line growth.

Building currently has an order book of £2.1bn (H1 2022: £2.0bn), including 30% in Education, 25% in Defence and Custodial, 17% in Facilities Management and 8% in Health.

### *Infrastructure*

Our Infrastructure businesses, primarily Highways and Environment (incorporating principally our activities in water and wastewater), carry out civil engineering projects across the UK. This business has established long-term relationships with customers where we have a strong track record on delivery, focusing on public and regulated sector work and bids with early contractor involvement.

| | **H1 2023** | H1 2022 | **Change** |
|---|---|---|---|
| Revenue (£m) | **276.6** | 204.4 | 35% |
| Operating profit before amortisation (£m) | **6.5** | 4.3 | 51% |
| Operating margin (%) | **2.3** | 2.1 | 0.2ppt |
| Order book (£bn) | **1.4** | 1.4 | - |

Infrastructure revenue was up 35% to £276.6m (H1 2022: £204.4m). This includes the benefit of the nmcn water business acquired in Autumn 2021, along with high level of activity across our Environment operations. Operating profit before amortisation and exceptional items was £6.5m (H1 2022: £4.3m), with a 2.3% operating margin (H1 2022: 2.1%) showing good progress.

Our enlarged Environment business, including the recent acquisitions of MCS Control Systems and Ham Baker, provides enhanced and specialist service delivery across UK operations including water, engineering, off-site build and asset optimisation, and asset security. The acquisitions, in the first half of the financial year, have provided complementary and specialist capabilities in the water sector. This enhanced capability puts the Environment business in a strong position to support our clients, as shown by our recent collaboration with Siemens to accelerate the integration of digital technologies across the lifecycle of water and wastewater projects.

During the first six months of the year, Infrastructure won a number of contracts and positions on frameworks including the £600m Southern Water AMP8 Framework and two frameworks for Welsh Water, representing the first capital maintenance framework wins for the Environment business since the acquisition of nmcn water (in October 2021).

Infrastructure currently has an order book of £1.4bn (H1 2022: £1.4bn) comprising £550m in Highways and £840m in Environment.

***PPP Investments***

PPP Investments delivers major building and infrastructure projects through public private partnerships, generating work for the wider Group in the process.

PPP Investments has continued to move its focus towards co-development of Private Rented Sector (PRS) projects. The business is working towards reaching financial close on its first consented scheme, which will allow construction to commence. At the period-end it was preferred bidder on two further PRS schemes with a gross development value of c£200m and anticipates further opportunities in the future.

| | **H1 2023** | H1 2022 | **Change** |
|---|---|---|---|
| Revenue (£m) | **2.9** | 3.4 | (15)% |
| Operating profit/(loss) (£m) | **1.5** | (0.5) | £2.0m |
| Asset valuation (£m) | **46.1** | 48.3 | £(2.2)m |
| Net interest income (£m) | **2.0** | 2.0 | - |

For the first half of the financial year, revenue was £2.9m (H1 2022: £3.4m), on which the operating profit was £1.5m (H1 2022: £(0.5)m loss). This includes £3.6m relating to the profit on disposal of our interest in a joint venture arrangement.

At 31 December 2022 the Group directors' valuation of our PPP portfolio was £46.1m (H1 2022: £48.3m), reflecting a blended 7.1% discount rate (H1 2022: 7.0%). These assets contribute to our balance sheet strength and generated interest income in the period of £2.0m (H1 2022: £2.0m).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider that the principal risks and uncertainties which may have a material impact on the Group's performance in the second half of the financial year remain primarily the same as those outlined on pages 44 to 47 of the Group's annual report and financial statements for the year ended 30 June 2022. Those risks the Group considers to be of particular importance and highlighted as the principal risks in focus within the 30 June 2022 annual report are; work winning, project delivery, resources and regulatory compliance.

**BOARD**

On 18 January 2023 the Group announced that Gavin Slark, Non-executive Director, had decided to step down from the board on 31 March 2023, after over seven years on the board. The Board is grateful for Gavin's contribution to the Group over the years and wishes him every success in the future.

**Condensed consolidated income statement**
for the half year ended 31 December 2022 (unaudited)

| | | **Half year to 31 December 2022** | | | Half year to 31 December 2021 | | | Year to 30 June 2022 (audited) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | **Pre-exceptional items £m** | **Exceptional items (note 6) £m** | **Total £m** | Pre-exceptional items £m | Exceptional items (note 6) £m | Total £m | Pre-exceptional items £m | Exceptional items (note 6) £m | Total £m |
| Revenue | 4 | **679.2** | – | **679.2** | 594.0 | – | 594.0 | 1,237.2 | – | 1,237.2 |
| Cost of sales | | **(634.0)** | – | **(634.0)** | (554.5) | (5.2) | (559.7) | (1,151.5) | (5.8) | (1,157.3) |
| **Gross profit/(loss)** | | **45.2** | – | **45.2** | 39.5 | (5.2) | 34.3 | 85.7 | (5.8) | 79.9 |
| Other income | 5 | **3.6** | – | **3.6** | – | – | – | – | – | – |
| Administrative expenses | | **(39.5)** | **(4.5)** | **(44.0)** | (33.8) | (4.5) | (38.3) | (69.9) | (7.9) | (77.8) |
| **Operating profit/(loss)** | | **9.3** | **(4.5)** | **4.8** | 5.7 | (9.7) | (4.0) | 15.8 | (13.7) | 2.1 |
| Share of post-tax profit from joint ventures | | – | – | – | – | – | – | 0.4 | – | 0.4 |
| Finance income | 7 | **3.2** | – | **3.2** | 2.1 | – | 2.1 | 4.3 | – | 4.3 |
| Finance costs | 7 | **(0.8)** | – | **(0.8)** | (0.7) | – | (0.7) | (1.4) | – | (1.4) |
| **Profit/(loss) before income tax** | | **11.7** | **(4.5)** | **7.2** | 7.1 | (9.7) | (2.6) | 19.1 | (13.7) | 5.4 |
| Income tax (expense)/ credit | 8 | **(2.3)** | **1.0** | **(1.3)** | (0.6) | 1.9 | 1.3 | (1.7) | 2.6 | 0.9 |
| **Profit/(loss) for the period from continuing operations** | | **9.4** | **(3.5)** | **5.9** | 6.5 | (7.8) | (1.3) | 17.4 | (11.1) | 6.3 |
| **Earnings /(loss) per share** | | | | | | | | | | |
| Basic - Profit/(loss) from continuing operations attributable to ordinary shareholders | 10 | **8.8p** | | **5.5p** | 5.9p | | (1.2)p | 16.0 | | 5.8p |
| Diluted - Profit/(loss) from continuing operations attributable to ordinary shareholders | 10 | **8.2p** | | **5.1p** | 5.6p | | (1.2)p | 15.0 | | 5.5p |

The notes are an integral part of the condensed consolidated half year financial statements.

**Condensed consolidated statement of comprehensive income**
for the half year ended 31 December 2022 (unaudited)

| | Notes | **Half year to 31 December 2022 £m** | Half year to 31 December 2021 £m | Year to 30 June 2022 (audited) £m |
|---|---|---|---|---|
| **Profit/(loss) for the period** | | **5.9** | (1.3) | 6.3 |
| **Other comprehensive (expense)/income:** | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | |
| Movement in fair value of PPP and other investments – continuing operations | 12 | **(1.0)** | (0.4) | (0.9) |
| **Other comprehensive expense for the period net of tax** | | **(1.0)** | (0.4) | (0.9) |
| **Total comprehensive income/(expense) for the period** | | **4.9** | (1.7) | 5.4 |

The notes are an integral part of the condensed consolidated half year financial statements.

**Condensed consolidated balance sheet**
at 31 December 2022 (unaudited)

| | Notes | **31 December 2022** £m | 31 December 2021 (restated – note 21) £m | 30 June 2022 (audited) £m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non–current assets** | | | | |
| Intangible assets | 19 | **7.6** | 10.3 | 8.8 |
| Goodwill | 11 | **92.9** | 88.2 | 88.2 |
| Property, plant and equipment | | **7.0** | 3.6 | 7.1 |
| Right of use assets | | **27.6** | 21.9 | 24.5 |
| Investments in joint ventures | | **0.1** | 0.2 | 0.3 |
| PPP and other investments | 12 | **46.1** | 48.3 | 47.5 |
| Deferred income tax assets | | **13.4** | 14.1 | 14.0 |
| Total non–current assets | | **194.7** | 186.6 | 190.4 |
| **Current assets** | | | | |
| Trade and other receivables | 13 | **264.3** | 227.5 | 243.0 |
| Current income tax assets | | **3.1** | 5.7 | 3.1 |
| Cash and cash equivalents | | **195.8** | 211.1 | 218.9 |
| Total current assets | | **463.2** | 444.3 | 465.0 |
| **Total assets** | | **657.9** | 630.9 | 655.4 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 14 | **(476.1)** | (444.6) | (471.1) |
| Lease liabilities | | **(11.2)** | (8.5) | (9.9) |
| Provisions for other liabilities and charges | 15 | **(26.6)** | (37.2) | (27.4) |
| Total current liabilities | | **(513.9)** | (490.3) | (508.4) |
| **Non–current liabilities** | | | | |
| Lease liabilities | | **(16.7)** | (13.4) | (14.9) |
| Total non–current liabilities | | **(16.7)** | (13.4) | (14.9) |
| **Total liabilities** | | **(530.6)** | (503.7) | (523.3) |
| **Net assets** | | **127.3** | 127.2 | 132.1 |
| **Equity** | | | | |
| Ordinary share capital | | **54.3** | 55.5 | 55.5 |
| Other reserves | | **133.4** | 118.4 | 132.2 |
| Retained earnings | | **(60.4)** | (46.7) | (55.6) |
| **Total shareholders' equity** | | **127.3** | 127.2 | 132.1 |

The notes are an integral part of the condensed consolidated interim financial statements.

**Condensed consolidated statement of changes in equity**
for the half year ended 31 December 2022 (unaudited)

| | Notes | Ordinary share capital £m | Other reserves £m | Retained earnings £m | Total shareholders' equity £m |
|---|---|---|---|---|---|
| **As at 31 December 2022** | | | | | |
| At 30 June 2022 | | **55.5** | **132.2** | **(55.6)** | **132.1** |
| Profit for the period | | **–** | **–** | **5.9** | **5.9** |
| Other comprehensive expense | | **–** | **–** | **(1.0)** | **(1.0)** |
| Total comprehensive expense for the period | | **–** | **–** | **4.9** | **4.9** |
| **Transactions with owners:** | | | | | |
| Dividends | 9 | **–** | **–** | **(6.4)** | **(6.4)** |
| Share–based payments | | **–** | **–** | **1.8** | **1.8** |
| Purchase of own shares | | **–** | **–** | **(5.1)** | **(5.1)** |
| Cancellation of shares | 10 | **(1.2)** | **1.2** | – | – |
| **At 31 December 2022** | | **54.3** | **133.4** | **(60.4)** | **127.3** |
| **As at 31 December 2021** | | | | | |
| At 30 June 2021 | | 55.5 | 118.4 | (39.8) | 134.1 |
| Profit for the period | | – | – | (1.3) | (1.3) |
| Other comprehensive income | | – | – | (0.4) | (0.4) |
| Total comprehensive income for the period | | – | – | (1.7) | (1.7) |
| **Transactions with owners:** | | | | | |
| Dividends | 9 | – | – | (3.9) | (3.9) |
| Share–based payments | | – | – | 0.7 | 0.7 |
| Purchase of own shares | | – | – | (2.0) | (2.0) |
| At 31 December 2021 | | 55.5 | 118.4 | (46.7) | 127.2 |
| **As at 30 June 2022 (audited)** | | | | | |
| At 30 June 2021 | | 55.5 | 118.4 | (39.8) | 134.1 |
| Profit for the year | | – | – | 6.3 | 6.3 |
| Other comprehensive income | | – | – | (0.9) | (0.9) |
| Total comprehensive income for the year | | – | – | 5.4 | 5.4 |
| **Transactions with owners:** | | | | | |
| Dividends | 9 | – | – | (6.3) | (6.3) |
| Purchase of shares | | – | – | (3.4) | (3.4) |
| Share–based payments | | – | – | 2.3 | 2.3 |
| Recycling of retained earnings to merger reserve on reversal of impairment of investment in Galliford Try Limited | | – | 13.8 | (13.8) | – |
| **At 30 June 2022** | | 55.5 | 132.2 | (55.6) | 132.1 |

The notes are an integral part of the condensed consolidated half year financial statements.

**Condensed consolidated statement of cash flows**
for the half year ended 31 December 2022 (unaudited)

| | **Half year to 31 December 2022 £m** | Half year to 31 December 2021 (restated - note 21) £m | Year to 30 June 2022 (audited) £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the period | **5.9** | (1.3) | 6.3 |
| Adjustments for: | | | |
| Income tax expense/(credit) | **1.3** | (1.3) | (0.9) |
| Net finance income | **(2.4)** | (1.4) | (2.9) |
| Depreciation and amortisation | **8.1** | 7.7 | 14.5 |
| Profit on disposal of joint venture | **(3.6)** | – | – |
| Share-based payments | **1.8** | 0.8 | 2.3 |
| Share of post-tax profits from joint ventures | **–** | – | (0.4) |
| **Net cash generated from operations before changes in working capital** | **11.1** | 4.5 | 18.9 |
| (Increase)/decrease in trade and other receivables | **(16.0)** | 17.9 | 1.2 |
| (Decrease)/increase in trade and other payables | **(1.7)** | (19.6) | 6.7 |
| Decrease in provisions | **(0.8)** | (1.5) | (11.3) |
| **Net cash (used in)/generated from operations** | **(7.4)** | 1.3 | 15.5 |
| Interest received | **3.2** | 2.1 | 4.3 |
| Interest paid | **(0.8)** | (0.7) | (1.4) |
| Corporation tax (paid)/received | **(0.5)** | (0.2) | 4.4 |
| **Net cash (used in)/generated from operating activities** | **(5.5)** | 2.5 | 22.8 |
| | | | |
| **Cash flows from investing activities** | | | |
| Dividends received from joint ventures and associates | **–** | – | 0.3 |
| Increase in amounts due from joint ventures | **(1.8)** | – | – |
| Decrease in amounts due from joint ventures | **–** | 3.9 | 5.0 |
| PPP loan repayments | **0.4** | 0.4 | 0.7 |
| Proceeds from disposal of PPP and other investments | **3.6** | – | – |
| Acquisition of business combination, net of cash/borrowings | **(1.0)** | (0.3) | (0.3) |
| Proceeds from disposal of property, plant and equipment | **–** | – | 0.1 |
| Acquisition of property, plant and equipment | **(1.1)** | (0.6) | (5.0) |
| **Net cash generated from investing activities** | **0.1** | 3.4 | 0.8 |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | **(6.2)** | (5.1) | (11.2) |
| Purchase of own shares | **(5.1)** | (2.0) | (3.4) |
| Dividends paid to Company shareholders | **(6.4)** | (3.9) | (6.3) |
| **Net cash used in financing activities** | **(17.7)** | (11.0) | (20.9) |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | **(23.1)** | (5.1) | 2.7 |
| | | | |
| Cash and cash equivalents at beginning of period | **218.9** | 216.2 | 216.2 |
| | | | |
| **Cash and cash equivalents at end of period** | **195.8** | 211.1 | 218.9 |

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

## 1 Basis of preparation

Galliford Try Holdings plc is a public limited company incorporated in England and Wales and domiciled in the UK. The address of its registered office is Blake House, 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD. The Company has its listing on the London Stock Exchange. This condensed consolidated half year financial information was approved for issue on 8 March 2023.

This condensed consolidated half year financial information does not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 30 June 2022 were approved by the board of directors on 21 September 2022 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.This condensed consolidated half year financial information has been reviewed, not audited. The auditors' review opinion is included in this report.

This condensed consolidated half year financial information for the half year ended 31 December 2022 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK adopted International Accounting Standard 34, "Interim financial reporting". The condensed consolidated half year financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2022, which have been prepared in accordance with UK adopted International Accounting Standards.

The Group's activities, together with the factors likely to affect the future development, performance and position of the business are set out in this half year report. The annual financial statements for the year ended 30 June 2022 included the Group's objectives, policies and processes for managing capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of signing the condensed consolidated half year information, and accordingly continue to adopt the going concern basis of preparation.

## 2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2022. There are no new standards effective for the first time in the period beginning 1 July 2022 which have a material impact on the Group's reported results.

### Critical accounting estimates and judgements

The Group's principal judgements and key sources of estimation uncertainty remain unchanged since the year-ended 30 June 2022. The principal judgements and key sources of estimation uncertainty are set out in note 1 on pages 115 – 117 of the annual financial statements for the year ended 30 June 2022.

The Group's five largest unagreed variations and claims positions as at 31 December 2022 are summarised in aggregate below, the most significant of which relates to three contracts with entities owned by a major infrastructure fund of a blue-chip listed company (note 13).

| | £m |
|---|---|
| Overall contract value (including total estimated end of contract variations and claims after IFRS 15 constraints) | 347.0 |
| Revenue in the period | 23.8 |
| Total estimated end of contract variations and claims before IFRS 15 constraints | 150.6 |
| Total estimated end of contract variations and claims after IFRS 15 constraints | 79.3 |

These five positions represent the most significant estimates of revenue. The revenue recognised in the period in relation to the subsequent five largest unagreed variations and claims total £11.7m.

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

## 3 Segmental reporting

Segmental reporting is presented in the condensed consolidated half year financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Group has no material activities outside the UK, segmental reporting is not required by geographical region.

The chief operating decision–makers ("CODM") have been identified as the Group's Chief Executive and Finance Director. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments of the resulting Group to be Building, Infrastructure, PPP Investments and Central (primarily representing central overheads).

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non–recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non–recurring event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

| Half year to 31 December 2022 | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| Revenue | **399.7** | **276.6** | **2.9** | – | **679.2** |
| Pre–exceptional operating profit/(loss) before amortisation of intangibles[1] | **9.3** | **6.5** | **1.5** | **(6.5)** | **10.8** |
| Finance income | – | **0.3** | **2.0** | **0.9** | **3.2** |
| Finance costs | **(0.3)** | **(0.3)** | – | **(0.2)** | **(0.8)** |
| Pre-exceptional profit/(loss) before amortisation and taxation | **9.0** | **6.5** | **3.5** | **(5.8)** | **13.2** |
| Exceptional items | – | – | – | **(4.5)** | **(4.5)** |
| Amortisation of intangible assets | **(0.5)** | **(0.5)** | – | **(0.5)** | **(1.5)** |
| Profit/(loss) before taxation | **8.5** | **6.0** | **3.5** | **(10.8)** | **7.2** |
| Income tax credit | | | | | **(1.3)** |
| Profit for the period | | | | | **5.9** |

[1] PPP Investments includes other income as detailed in note 5.

| Half year to 31 December 2021 | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| Revenue | 386.2 | 204.4 | 3.4 | – | 594.0 |
| Pre–exceptional operating profit/(loss) before amortisation of intangibles | 8.4 | 4.3 | (0.5) | (5.3) | 6.9 |
| Finance income | – | 0.1 | 2.0 | – | 2.1 |
| Finance costs | (0.2) | (0.3) | – | (0.2) | (0.7) |
| Pre-exceptional profit/(loss) before amortisation and taxation | 8.2 | 4.1 | 1.5 | (5.5) | 8.3 |
| Exceptional items | – | (6.3) | – | (3.4) | (9.7) |
| Amortisation of intangible assets | (0.5) | (0.2) | – | (0.5) | (1.2) |
| Profit/(loss) before taxation | 7.7 | (2.4) | 1.5 | (9.4) | (2.6) |
| Income tax credit | | | | | 1.3 |
| Loss for the period | | | | | (1.3) |

| Year ended 30 June 2022 (audited) | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| Revenue | 789.1 | 441.9 | 6.2 | – | 1,237.2 |
| Pre–exceptional operating profit/(loss) before amortisation of intangibles | 18.9 | 10.8 | (0.9) | (10.3) | 18.5 |
| Share of post tax profits from joint ventures | – | – | 0.4 | – | 0.4 |
| Finance income | – | – | 3.9 | 0.4 | 4.3 |
| Finance costs | (0.3) | (0.7) | – | (0.4) | (1.4) |
| Profit/(loss) before amortisation and taxation | 18.6 | 10.1 | 3.4 | (10.3) | 21.8 |
| Exceptional items | – | (7.7) | – | (6.0) | (13.7) |
| Amortisation of intangible assets | (1.0) | (0.7) | – | (1.0) | (2.7) |
| Profit/(loss) before taxation | 17.6 | 1.7 | 3.4 | (17.3) | 5.4 |
| Income tax credit | | | | | 0.9 |
| Profit for the year | | | | | 6.3 |

Inter–segment revenue, which is priced on an arm's length basis, is eliminated from revenue above. In the half year to 31 December 2022 this amounted to £26.7m (31 December 2021: £18.2m; 30 June 2022: £38.8m) for continuing operations, of which £0.1m (31 December 2020: £0.1m; 30 June 2022: £nil) was in Building, £16.2m (31 December 2021: £10.8m; 30 June 2022: £21.7m) was in Infrastructure and £10.4m (31 December 2021: £7.3m; 30 June 2022: £17.1m) was in Central costs.

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

## 3 Segmental reporting (continued)

| Half year to 31 December 2022 | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| **Balance Sheet** | | | | | |
| Goodwill and intangible assets | **41.5** | **57.8** | **–** | **1.2** | **100.5** |
| Working capital employed | **(57.2)** | **(160.4)** | **43.0** | **5.6** | **(169.0)** |
| Net cash | **127.1** | **20.0** | **(8.8)** | **57.5** | **195.8** |
| Net assets/(liabilities) | **111.4** | **(82.6)** | **34.2** | **64.3** | **127.3** |
| Total Group liabilities | | | | | **(530.6)** |
| Total Group assets | | | | | **657.9** |

| Half year to 31 December 2021 | Building £m | Infrastructure (restated – note 21) £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| **Balance Sheet** | | | | | |
| Goodwill and intangible assets | 42.4 | 53.9 | – | 2.2 | 98.5 |
| Working capital employed | (65.5) | (164.1) | 42.2 | 5.0 | (182.4) |
| Net cash | 77.6 | 55.9 | (11.2) | 88.8 | 211.1 |
| Net assets/(liabilities) | 54.5 | (54.3) | 31.0 | 96.0 | 127.2 |
| Total Group liabilities (restated) | | | | | (503.7) |
| Total Group assets (restated) | | | | | 630.9 |

| Year ended 30 June 2022 (audited) | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| **Balance Sheet** | | | | | |
| Goodwill and intangible assets | 42.0 | 53.3 | – | 1.7 | 97.0 |
| Working capital employed | (92.8) | (139.5) | 41.9 | 6.6 | (183.8) |
| Net cash | 154.9 | (1.4) | (9.6) | 75.0 | 218.9 |
| Net assets/(liabilities) | 104.1 | (87.6) | 32.3 | 83.3 | 132.1 |
| Total Group liabilities | | | | | (523.3) |
| Total Group assets | | | | | 655.4 |

## 4 Revenue

**Nature of revenue streams**

*(i)* ***Building & Infrastructure segments***
Our Construction business operates nationwide, working with clients predominantly in the public and regulated sectors. Projects include the construction of assets (with services including design and build, construction only and refurbishment) in addition to the maintenance, renewal, upgrading and managing of services across utility and infrastructure assets.

**4 Revenue (continued)**

| Revenue stream | Nature, timing of satisfaction of performance obligations and significant payment terms |
|---|---|
| Fixed price | A number of projects within these segments are undertaken using fixed–price contracts.<br><br>Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other.<br><br>The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un–invoiced amounts are presented as contract assets.<br><br>No significant financing component typically exists in these contracts. |
| Cost–reimbursable | A number of projects within these segments are undertaken using open–book/cost–plus/target-price (possibly with a pain/gain share mechanism) contracts.<br><br>Contracts are typically accounted for as a single performance obligation with the majority of these contracts including a build phase only.<br><br>The Group typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets.<br><br>No significant financing component typically exists in these contracts. |
| Facilities management | Contracts undertaken within the Building segment that provide full life-cycle solutions to clients, are accounted for as a single performance obligation, with revenue recognised over time and typically on a straight-line basis. |

***(ii) Investments segment***
Through public private partnerships, the business leads bid consortia and arranges finance, makes debt and equity investments (which are recycled) and manages construction through to operations.

| Revenue stream | Nature, timing of satisfaction of performance obligations and significant payment terms |
|---|---|
| PPP Investments | The Group has investments in a number of PPP Special Purpose Vehicles (SPVs), delivering major building and infrastructure projects.<br><br>The business additionally provides management services to the SPVs under Management Service Agreements (MSA). Revenue for these services is typically recognised over time as and when the service is delivered to the customer.<br><br>Revenue for reaching project financial close (such as success fees) is recognised at a point in time, at financial close (when control is deemed to pass to the customer). |

**Disaggregation of revenue**
The Group considers the split of revenue by operating segment to be the most appropriate disaggregation. All revenue has been derived from performance obligations settled over time.

**5 Other income**

The Group disposed of its 60% interest in Community Ventures Partnerships Limited on 11 November 2022, recognising a gain on disposal of £3.6m.

6 **Exceptional items**

| | **Half year to 31 December 2022 £m** | Half year to 31 December 2021 £m | Year to 30 June 2022 (audited) £m |
|---|---|---|---|
| Acquisition and integration related costs[1]- cost of sales | **–** | 5.2 | 5.8 |
| Acquisition and integration related costs[1]- administrative expenses | **–** | 1.1 | 1.9 |
| Implementation costs of cloud based arrangements[2] | **4.5** | 3.4 | 6.0 |
| Exceptional items | **4.5** | 9.7 | 13.7 |

An associated tax credit of £1.0m (31 December 2021: £1.9m, 30 June 2022 £2.6m) has been recognised.

1 The Group acquired the Water business of nmcn plc (in administration) on 7 October 2021 and incurred acquisition and integration related costs during the half year to 31 December 2021 and the year to 30 June 2022. This was predominantly made up of legal, professional, integration and restructuring costs recognised in administrative expenses, and specific staff costs incurred during the period of site closures following nmcn plc entering administration that were recognised in cost of sales. No further costs of this nature are anticipated relating to the nmcn acquisition. In the half year to 31 December 2022, the Group did not recognise any exceptional costs in relation to the acquisition of MCS Control Systems Limited or Ham Baker.

2 The Group incurred customisation and configuration costs associated with the move to a cloud-based computing arrangement during the period. Taking into account the IFRIC Agenda Decision issued by the IFRS IC in March 2021, the Group has analysed the costs and concluded that these costs should be expensed in the period. In accordance with the Group's existing accounting policy, management considers that the costs should be separately disclosed as exceptional because they are significant and irregular. The implementation of the new system is ongoing and further costs are expected to be incurred up to its implementation date.

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

## 7 Net finance income

| Group | **Half year to 31 December 2022 £m** | Half year to 31 December 2021 £m | Year to 30 June 2022 (audited) £m |
|---|---|---|---|
| Interest receivable on bank deposits | **0.9** | 0.1 | 0.4 |
| Interest receivable from PPP investments and joint ventures | **2.0** | 2.0 | 3.9 |
| Other | **0.3** | – | – |
| Finance income | **3.2** | 2.1 | 4.3 |
| Other (including interest on lease liabilities) | **(0.8)** | (0.7) | (1.4) |
| Finance costs | **(0.8)** | (0.7) | (1.4) |
| **Net finance income** | **2.4** | 1.4 | 2.9 |

## 8 Income tax expenses

The taxation expense on profit for pre-exceptional operations for the period of 19.6% (31 December 2021: 8.9%, 30 June 2022: 8.9%) reflects the expected pre-exceptional effective tax rate for the year to 30 June 2023. The substantially lower than standard rates applicable to 31 December 2021 and 30 June 2022 reflect the recognition of previously unrecognised tax losses.

## 9 Dividends

The following dividends were paid and recognised by the Company in each accounting period presented:

| | **Half year to 31 December 2022** | | Half year to 31 December 2021 | | Year to 30 June 2022 (audited) | |
|---|---|---|---|---|---|---|
| | **£m** | **pence per share** | £m | pence per share | £m | pence per share |
| Previous year net final | **6.4** | **5.8** | 3.9 | 3.5 | 3.9 | 3.5 |
| Current period interim | – | – | – | – | 2.4 | 2.2 |
| **Dividend recognised in the year** | **6.4** | **5.8** | 3.9 | 3.5 | 6.3 | 5.7 |

The following dividends were declared by the Company in respect of each accounting period presented:

| | **Half year to 31 December 2022** | | Half year to 31 December 2021 | | Year to 30 June 2022 (audited) | |
|---|---|---|---|---|---|---|
| | **£m** | **pence per share** | £m | pence per share | £m | pence per share |
| Interim | **3.2** | **3.0** | 2.4 | 2.2 | 2.4 | 2.2 |
| Final | **–** | **–** | – | – | 6.4 | 5.8 |
| **Dividend relating to the year** | **3.2** | **3.0** | 2.4 | 2.2 | 8.8 | 8.0 |

The interim dividend for 2023 of 3.0p per share was approved by the board on 8 March 2023 and has not been included as a liability as at 31 December 2022. This interim dividend will be paid on 14 April 2023 to shareholders who are on the register at the close of business on 17 March 2023.

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

**10 Earnings per share**

**Basic and diluted earnings per share**
Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Employee Share Trust, which are treated as cancelled.

The average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the period. The dilutive effects amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long term incentive plans. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

The earnings and weighted average number of shares used in the calculations are set put below.

| | **Half year to 31 December 2022** | | | Half year to 31 December 2021 | | | Year to 30 June 2022 (audited) | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total operations** | **Earnings £m** | **Weighted average number of shares** | **Per share amount pence** | Earnings £m | Weighted average number of shares | Per share amount pence | Earnings £m | Weighted average number of shares | Per share amount pence |
| **Basic EPS – pre–exceptional** Pre–exceptional earnings attributable to ordinary shareholders | **9.4** | **107,218,581** | **8.8** | 6.5 | 109,654,473 | 5.9 | 17.4 | 109,016,667 | 16.0 |
| **Basic EPS** Earnings attributable to ordinary shareholders post exceptional items | **5.9** | **107,218,581** | **5.5** | (1.3) | 109,654,473 | (1.2) | 6.3 | 109,016,667 | 5.8 |
| **Effect of dilutive securities:** | | | | | | | | | |
| Options | **n/a** | **8,070,133** | **n/a** | n/a | 6,033,488 | n/a | n/a | 6,627,132 | n/a |
| **Diluted EPS – pre–exceptional** | **9.4** | **115,288,713** | **8.2** | 6.5 | 115,687,961 | 5.6 | 17.4 | 115,643,799 | 15.0 |
| **Diluted EPS** | **5.9** | **115,288,713** | **5.1** | (1.3) | 115,687,961 | (1.2) | 6.3 | 115,643,799 | 5.5 |

During the period to 31 December 2022, the Group purchased and cancelled 2,349,508 shares at a total cost of £3.7m, as part of the share buyback programme announced in September 2022. This has resulted in a capital redemption reserve recorded within "other reserves" totalling £1.2m, representing the nominal value of the shares cancelled.

**11 Goodwill**

Goodwill is allocated to the Group's cash–generating units (CGUs) identified according to business segment. The goodwill is attributable to the following business segments:

| | **31 December 2022** | 31 December 2021 (restated – note 21) | 30 June 2022 (audited) |
|---|---|---|---|
| | **£m** | £m | £m |
| Building | **40.0** | 40.0 | 40.0 |
| Infrastructure | **52.9** | 48.2 | 48.2 |
| | **92.9** | 88.2 | 88.2 |

As stated in the annual financial statements for the year ended 30 June 2022, detailed impairment reviews were carried out for all business segments. Consideration has been given as to whether any events have occurred since the year ended 30 June 2022 which could give rise to an impairment. No impairments have been identified from these reviews.

The increase in goodwill relates to acquisitions in the period (note 19) and the finalisation of the acquisition accounting of nmcn in accordance with IFRS 3.

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

**12 PPP and other investments**

| | **31 December 2022** £m | 31 December 2021 £m | 30 June 2022 (audited) £m |
|---|---|---|---|
| At 1 July | **47.5** | 49.1 | 49.1 |
| Disposals and subordinated loan repayments | **(0.4)** | (0.4) | (0.7) |
| Movement in fair value | **(1.0)** | (0.4) | (0.9) |
| **At 31 December and 30 June** | **46.1** | 48.3 | 47.5 |

The portfolio reflects a blended discount rate of 7.1% (31 December 2021: 7.0%; 30 June 2022: 7.0%), with the discount rates applied ranging from 6.0% to 7.8% (31 December 2021: 6.0% to 7.5%; 30 June 2022: 6.0% to 7.5%). An increase/reduction of 0.5% (which is considered an appropriate range given the relatively low risk associated with the portfolio) would result in a corresponding decrease/increase in the fair value of approximately £1.7m (31 December 2021: £1.9m; 30 June 2022: £1.9m).

**13 Trade and other receivables**

| | **31 December 2022** £m | 31 December 2021 (restated – note 21) £m | 30 June 2022 (audited) £m |
|---|---|---|---|
| Amounts falling due within one year: | | | |
| Trade receivables | **42.3** | 53.9 | 46.0 |
| Less: Provision for impairment of receivables | **(0.1)** | (0.1) | (0.1) |
| Trade receivables – net | **42.2** | 53.8 | 45.9 |
| Contract assets | **193.8** | 145.9 | 173.4 |
| Amounts due from joint venture undertakings | **2.9** | 2.2 | 1.1 |
| Research and development expenditure credits | **4.3** | 2.3 | 4.5 |
| Prepayments and other receivables | **21.1** | 23.3 | 18.1 |
| | **264.3** | 227.5 | 243.0 |

As previously disclosed, the Group provided services in respect of three contracts with entities owned by a major infrastructure fund of a blue-chip listed company. Costs were significantly impacted by client-driven scope changes and the Group has submitted claims to the value of £95m in respect of these costs. Our work on these contracts formally ceased on their termination in August 2018. The Group has taken extensive advice on our entitlement and we have been successful in two adjudications supporting the validity of the Group's position. The claim is progressing in line with the original expected timetable. The Group has incurred significant legal and professional costs and may continue to do so, with all associated legal and professional costs expensed as incurred.

Taking into account the requirements of IFRS 15, the Group had constrained the revenue recognised in prior periods to the extent that it was highly probable not to result in a significant reversal in the future. While the Group has submitted a total claim value of £95m in respect of these costs within the Statement of Case, revenue has been constrained. We have constrained the revenue to a percentage recoverable that is lower than that successfully recovered from the adjudications and variations previously agreed on this contract. The underlying principle supporting the validity and recovery of the claims and variations is not considered to be impacted by the passage of time, which is driven by the nature of dispute resolution in this sector. Given the progress, in line with expectations during the period, this is unchanged. It is possible that the process of the arbitration may not be concluded within the coming financial year.

Whilst the entities are owned by a major infrastructure fund of a blue-chip listed company, and we expect that the amounts will be repaid, we have assessed any expected credit loss provision in accordance with IFRS 9 to take into account their investment structure. Our assessment of the credit worthiness of the underlying contracting entities includes reviewing their latest audited financial statements to 31 December 2021 (as well as their immediate parent and investor whose latest filed financial statements are to 31 December 2021), for which the audit opinion includes a disclaimer of opinion in relation to material uncertainties in respect of claims and the potential impact on going concern. The Group does not consider there to be a change in credit risk over the course of the period to 31 December 2022 and consequently, there has been no material change to the expected credit loss provision since 30 June 2022, which is discussed further in note 1 accounting policies of the Group's annual report and financial statements for the year ended 30 June 2022.

There has been no change to our assessment of the constrained revenue under IFRS 15 or the expected credit loss under IFRS 9 in the period to 31 December 2022. The Group continues to vigorously defend the counterclaims made by the counterparty, that we consider are without merit, and as such no amounts have been provided on the basis the Group considers the possibility of an outflow of resources to be remote.

**14 Trade and other payables**

| | **31 December 2022** £m | 31 December 2021 (restated – note 21) £m | 30 June 2022 (audited) £m |
|---|---|---|---|
| Trade payables | **106.8** | 73.4 | 102.3 |
| Contract liabilities | **116.7** | 127.3 | 104.4 |
| Other taxation and social security payable | **43.3** | 34.7 | 29.9 |
| Accruals and other payables | **209.3** | 209.2 | 234.5 |
| | **476.1** | 444.6 | 471.1 |

## 15 Provisions for other liabilities and charges

| Group | Onerous contracts | Rectification | Total £m |
|---|---|---|---|
| At 1 July 2022 | **(4.6)** | **(22.8)** | **(27.4)** |
| Utilised | **2.2** | **1.7** | **3.9** |
| Additions | **(2.2)** | **(0.9)** | **(3.1)** |
| **At 31 December 2022** | **(4.6)** | **(22.0)** | **(26.6)** |

| Group | Onerous contracts | Rectification | Total £m |
|---|---|---|---|
| At 1 July 2021 | **(0.8)** | **(24.2)** | **(25.0)** |
| Utilised | **1.7** | **3.9** | **5.6** |
| Additions[1] | **(13.8)** | **(4.0)** | **(17.8)** |
| **At 31 December 2021 (restated)[2]** | **(12.9)** | **(24.3)** | **(37.2)** |

| Group | Onerous contracts | Rectification | Total £m |
|---|---|---|---|
| At 1 July 2021 | **(0.8)** | **(24.2)** | **(25.0)** |
| Utilised | **10.2** | **3.7** | **13.9** |
| Additions[1] | **(14.0)** | **(2.3)** | **(16.3)** |
| **At 30 June 2022** | **(4.6)** | **(22.8)** | **(27.4)** |

[1] Additions include £13.7m acquired as part of the nmcn business combination.

[2] Onerous contract and rectification provisions were previously reported within accruals but should have been presented as provisions (see note 21).

Onerous contract provisions are made on loss-making contracts the Group is obliged to complete.
Rectification provisions are made for potential claims and defects for remedial works against work completed by the Group.

Due to the nature of the provisions, the timing of any potential future outflows is uncertain, however they are expected to be utilised within the Group's normal operating cycle, and accordingly are classified as current liabilities. Of the total provisions, £18.2m (31 December 2021: £18.8m; 30 June 2022: £18.8m) is likely to be utilised in 1-3 years with the remainder utilised within 12 months.

## 16 Financial instruments

The Group's activities expose it to a variety of financial risks. The condensed consolidated half year financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements for the year ended 30 June 2022.

There have been no significant changes in the risk management policies since the year end.

### Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

i. Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
ii. Level 2 – The fair value of equity securities and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
iii. Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**16 Financial instruments (continued)**

The following table presents the Group's assets that are measured at fair value:

| | 31 December 2022 | | 31 December 2021 | | 30 June 2022 (audited) | |
|---|---|---|---|---|---|---|
| | **Level 3 £m** | **Total £m** | Level 3 £m | Total £m | Level 3 £m | Total £m |
| **Assets** | | | | | | |
| Other investments | | | | | | |
| - PPP and other investments | **46.1** | **46.1** | 48.3 | 48.3 | 47.5 | 47.5 |
| **Total** | **46.1** | **46.1** | 48.3 | 48.3 | 47.5 | 47.5 |

There were no transfers between levels during the period. The valuation techniques used to derive Level 2 and 3 fair values are consistent with those set out in the 30 June 2022 financial statements. Level 3 fair values are determined using valuation techniques that include inputs not based on observable market data. For all other financial instruments, the fair value is materially in line with the carrying value. The key assumptions used in Level 3 valuations include the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10-15 years and the timing of receipts is based on historical data.

During the period, government gilts have increased, but the underlying assets have remained low risk and insulated from short term changes to the macro economic environment. The fair value of the portfolio reflects a blended discount rate of 7.1% (31 December 2021: 7.0%; 30 June 2022: 7.0%) and is based on current market conditions. The sensitivity to discount rates is set out in note 12. If receipts were to occur earlier than expected, the fair value could increase.

**17 Guarantees and contingent liabilities**

Galliford Try Holdings plc has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements, amounting to £148.5m (31 December 2021: £131.9m; 30 June 2022 £127.1m). Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

**18 Related party transactions**

Since the last Group annual financial statements for the year ended 30 June 2022, there have been no significant changes to the nature of related party transactions.

**19 Business combinations**

During the six months to 31 December 2022, the Group acquired (i) 100% of the share capital MCS Control Systems Limited and (ii) certain contracts and assets of Ham Baker Limited (in administration). The Group has also finalised the acquisition accounting of nmcn having previously reported the balances as provisional in accordance IFRS 3.

(i) MCS Control Systems Limited

On 8 July 2022, the Group acquired 100% of the share capital of MCS Control Systems Limited ("MCS"), a leading systems integrator to the industrial and utilities sectors for consideration of £1 settled in cash. The addition of MCS's capabilities is complementary to the operations of Galliford Try's expanding Environment business. In particular, MCS provides additional competencies that complement those acquired in October 2021 with nmcn's Water business and Lintott Control Systems Limited and will accelerate the growth of Galliford Try Environment's asset optimisation and capital maintenance strategy.

The goodwill of £3.2m arising from the acquisition is significantly attributable to the acquired workforce and their technical expertise and the opportunity to leverage this expertise across the Group to enhance the asset optimisation and capital maintenance strategy.

The following table summarises the consideration paid and the provisional fair value of the assets acquired and liabilities assumed.

| | **£m** |
|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Property plant and equipment | 0.1 |
| Intangible assets | 0.2 |
| Right-of-use assets | 0.6 |
| Trade and other receivables | 3.2 |
| Trade and other payables | (5.9) |
| Bank and other borrowings | (0.8) |
| Lease liabilities | (0.6) |
| **Total identifiable net liabilities** | **(3.2)** |
| Goodwill | 3.2 |
| **Total** | **-** |
| **Consideration** | |
| Cash | - |
| **Total** | **-** |

**19 Business combinations (continued)**

(i) MCS Control Systems Limited (continued)

The acquisition contributed £2.3m of turnover and £0.2m loss before tax and amortisation in the period to 31 December 2022, which is similar to the contribution it would have made if acquired at the start of the financial year.

(ii) Ham Baker

On 18 November 2022, the Group acquired certain contracts and assets from Ham Baker Limited (in administration) for £225,000 settled in cash. The Group has acquired the asset inspection, maintenance and screens and distributor operations. The acquired business produces a variety of engineered products for the water industry, which the Group will use as a basis to develop a low carbon engineering offering, enabling products and raw materials to be as reused if possible, and reducing waste. The acquisition brings complementary capabilities to the Group's growing Environment business and will give it a further advantage in preparing for the water industry's AMP8 cycle, in particular addressing storm overflow challenges. It also plays into Galliford Try's role in decarbonising the industry for a greener, more sustainable future.

Similar to the MCS Control Systems Limited acquisition, the goodwill of £0.6m arising from the acquisition is significantly attributable to the acquired workforce and their technical expertise and the opportunity to leverage this expertise across the Group to enhance the asset optimisation and capital maintenance strategy.

The following table summarises the consideration paid and the provisional fair value of the assets acquired and liabilities assumed.

| | **£m** |
|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Intangible assets | 0.1 |
| Trade and other receivables | 0.3 |
| Trade and other payables | (0.8) |
| **Total identifiable net liabilities** | **(0.4)** |
| Goodwill | 0.6 |
| **Total** | **0.2** |
| | |
| **Consideration** | |
| Cash | 0.2 |
| **Total** | **0.2** |

The acquisition contributed a loss before tax and amortisation of £0.4m in the period to 31 December 2022.

The performance of the business preceding the acquisition was impacted by Ham Baker Limited entering administration, and accordingly it is impracticable to assess the contribution it would have made to the Group if acquired at the start of reporting period.

(iii) nmcn

On 7 October 2021, the Group acquired the water business of nmcn plc (which had been placed into administration) for £1.0m settled in cash.

This expanded the Group's geographical presence on key frameworks across the UK, and its capabilities in the water sector, in line with the Group's strategy. Full details are included in the Group's 30 June 2022 Annual Report.

The provisional balances at 31 December 2021 have been restated to reflect those reported at 30 June 2022, resulting in an increase to goodwill from £6.5m previously recorded at 31 December 2021 to £11.0m as reported at 30 June 2022. See note 21 for further details.

In accordance with IFRS 3, the Group has assessed the acquisition accounting during the measurement period and has identified the need to reflect a final adjustment to the reported acquisition note in the 30 June 2022 annual report. The change reflects an increase to the onerous contract provisions and net unfavourable contracts acquired by £0.8m with an offsetting increase in goodwill by £0.8m. As this is not material, the adjustment has been recorded in the six-month period to 31 December 2022.

## 20 Alternative performance measures

Throughout the Interim statement, the Group has presented financial performance measures which are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as they provide relevant information on the Group's performance. They are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided below.

**Measuring the Group's performance**
The following measures are referred to in this report:

***Statutory measures***
Statutory measures are derived from the Group's reported financial statements, which are prepared in accordance with UK adopted International Accounting Standards and in line with the Group's accounting policies. The Group's statutory measures take into account all of the factors, including exceptional items which do not reflect the ongoing underlying performance of the Group.

***Alternative performance measures***
In assessing its performance, the Group has adopted certain non–statutory measures that more appropriately reflect the underlying performance of the Group. These typically cannot be directly extracted from its financial statements but are reconciled to statutory measures below:

*a) Pre–exceptional performance*
The Group adjusts for certain material items which the Board believes assist in understanding the performance achieved by the Group as this better reflects the underlying and ongoing performance of the business.

*b) Pre-exceptional operating profit/(loss) before amortisation and operating margin*
The Group uses an operating profit measure excluding amortisation and exceptional items.

Operating margin reflects the ratio of pre-exceptional operating profit before amortisation and pre–exceptional revenue. This differs from the statutory measure of profit before finance costs which includes the share of joint ventures' interest and tax and amortisation of intangible assets. Divisional operating margin represents the combined Building and Infrastructure operating margins.

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**20 Alternative performance measures (continued)**

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

| | Building £m | Infrastructure £m | PPP Investments £m | Central £m | Total £m |
|---|---|---|---|---|---|
| **Half year ended 31 December 2022** | | | | | |
| Statutory operating profit/(loss) | **8.8** | **6.0** | **1.5** | **(11.5)** | **4.8** |
| Exclude: amortisation of intangible assets | **0.5** | **0.5** | **–** | **0.5** | **1.5** |
| Exclude: exceptional items (note 6) | **–** | **–** | **–** | **4.5** | **4.5** |
| **Pre-exceptional operating profit/(loss) before amortisation** | **9.3** | **6.5** | **1.5** | **(6.5)** | **10.8** |
| **Revenue** | **399.7** | **276.6** | **2.9** | **–** | **679.2** |
| **Operating margin** | **2.3%** | **2.3%** | **n/a** | **n/a** | **1.6%** |
| **Half year ended 31 December 2021** | | | | | |
| Statutory operating profit/(loss) | 7.9 | (2.2) | (0.5) | (9.2) | (4.0) |
| Exclude: amortisation of intangible assets | 0.5 | 0.2 | – | 0.5 | 1.2 |
| Exclude: exceptional items (note 6) | – | 6.3 | – | 3.4 | 9.7 |
| **Pre–exceptional operating profit/(loss) before amortisation** | 8.4 | 4.3 | (0.5) | (5.3) | 6.9 |
| **Revenue** | 386.2 | 204.4 | 3.4 | – | 594.0 |
| **Operating margin** | 2.2% | 2.1% | n/a | n/a | 1.2% |
| **Year ended 30 June 2022 (audited)** | | | | | |
| Statutory operating profit/(loss) | 17.9 | 2.4 | (0.9) | (17.3) | 2.1 |
| Exclude: amortisation of intangible assets | 1.0 | 0.7 | – | 1.0 | 2.7 |
| Exclude: exceptional items (note 6) | – | 7.7 | – | 6.0 | 13.7 |
| **Pre–exceptional operating profit/(loss) before amortisation** | 18.9 | 10.8 | (0.9) | (10.3) | 18.5 |
| **Revenue** | 789.1 | 441.9 | 6.2 | – | 1,237.2 |
| **Operating margin** | 2.4% | 2.4% | n/a | n/a | 1.5% |

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**20 Alternative performance measures (continued)**

*c) Pre–exceptional profit before tax*
The Group uses a profit before tax measure which excludes exceptional items as noted above, whereas the statutory measure includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

| | **Half year to 31 December 2022** | Half year to 31 December 2021 | Year to 30 June 2022 (audited) |
|---|---|---|---|
| | **£m** | £m | £m |
| Statutory (loss)/profit before tax | **7.2** | (2.6) | 5.4 |
| Exclude: exceptional items (note 6) | **4.5** | 9.7 | 13.7 |
| **Pre–exceptional profit before tax** | **11.7** | 7.1 | 19.1 |

*d) Pre–exceptional earnings per share*
In line with the Group's measurement of pre–exceptional performance, the Group also presents its earnings per share on a pre–exceptional basis. This differs from the statutory measure of earnings per share which includes exceptional items.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

| | **Half year to 31 December 2022** | | |
|---|---|---|---|
| | **Earnings £m** | **Ave number of shares** | **EPS pence** |
| Statutory results | **5.9** | **107,218,581** | **5.5** |
| Exclude: exceptional loss (note 6) | **3.5** | **n/a** | **n/a** |
| **Pre-exceptional earnings per share** | **9.4** | **107,218,581** | **8.8** |

| | Half year to 31 December 2021 | | |
|---|---|---|---|
| | Earnings £m | Ave number of shares | EPS pence |
| Statutory results | (1.3) | 109,654,473 | (1.2) |
| Exclude: exceptional earnings (note 6) | 7.8 | n/a | n/a |
| **Pre–exceptional earnings per share** | 6.5 | 109,654,473 | 5.9 |

| | Year ended 30 June 2022 (audited) | | |
|---|---|---|---|
| | Earnings £m | Ave number of shares | EPS pence |
| Statutory results | 6.3 | 109,016,667 | 5.8 |
| Exclude: exceptional earnings (note 6) | 11.1 | n/a | n/a |
| **Pre–exceptional earnings per share** | 17.4 | 109,016,667 | 16.0 |

**21 Prior period adjustments**

Consistent with the adjustments made in the 30 June 2022 Annual Report, the Group has restated certain balance sheet items at 31 December 2021.

i) The balance sheet at 31 December 2021 has been restated due to the incorrect presentation of trade receivables, contract assets and contract liabilities in relation to one combined contract. At 31 December 2021, no trade receivable should have been recognised as there was not an unconditional right to payment, the amount should have instead been recognised as a contract asset. Additionally, the contract position across different performance obligations within the combined contract should have been presented as one net balance whereas it was previously presented on a gross basis.

ii) The provisions and accruals balance has been restated, reflecting a reclassification between the two line items. Onerous contract and rectification provisions were previously reported within accruals but should have been presented as provisions.

iii) Other receivables and current income tax assets have been restated reflecting a reclassification of research and development expenditure credits from current income tax assets to other receivables.

To correct the presentation of these balances in the prior period, the Group has restated the balance sheet and associated note disclosures as at 31 December 2021 and statement of cash flows for the year then ended as outlined below. There is no overall effect of the restatements on net assets at 31 December 2021 nor profit for the period then ending.

In addition, and as required by IFRS 3, the acquisition accounting in respect of the group's acquisition of nmcn was finalised during the measurement period. As a result, the fair values of assets and liabilities acquired, and goodwill, at 31 December 2021 were restated to reflect the final fair values - see note 19(iii) for more details. These adjustments are shown in column (iv) in the tables that follow:

## 21 Prior year adjustments (continued)

### Balance Sheet

| | 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Originally reported £m | Adjustment i) | Adjustment ii) | Adjustment iii) | Adjustment iv) | Restated £m |
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Intangible assets | 10.3 | - | - | - | - | 10.3 |
| Goodwill | 83.7 | - | - | - | 4.5 | 88.2 |
| Property, plant and equipment | 3.6 | - | - | - | - | 3.6 |
| Right-of-use assets | 21.9 | - | - | - | - | 21.9 |
| Investments in joint ventures | 0.2 | - | - | - | - | 0.2 |
| PPP and other investments | 48.3 | - | - | - | - | 48.3 |
| Deferred income tax assets | 14.1 | - | - | - | - | 14.1 |
| Total non-current assets | 182.1 | - | - | - | 4.5 | 186.6 |
| | | | | | | |
| Current assets | | | | | | |
| Trade and other receivables | 235.1 | (7.4) | - | 2.3 | (2.5) | 227.5 |
| Current income tax assets | 8.0 | - | - | (2.3) | - | 5.7 |
| Cash and cash equivalents | 211.1 | - | - | - | - | 211.1 |
| Total current assets | 454.2 | (7.4) | - | - | (2.5) | 444.3 |
| Total assets | 636.3 | (7.4) | - | - | 2.0 | 630.9 |
| | | | | | | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Trade and other payables | (487.2) | 7.4 | 36.5 | - | (1.3) | (444.6) |
| Lease liabilities | (8.5) | - | - | - | - | (8.5) |
| Provisions for other liabilities and charges | - | - | (36.5) | - | (0.7) | (37.2) |
| Total current liabilities | (495.7) | 7.4 | - | - | (2.0) | (490.3) |
| | | | | | | |
| Non-current liabilities | | | | | | |
| Lease liabilities | (13.4) | - | - | - | - | (13.4) |
| Total non-current liabilities | (13.4) | - | - | - | - | (13.4) |
| Total liabilities | (509.1) | 7.4 | - | - | (2.0) | (503.7) |
| | | | | | | |
| Net assets | 127.2 | - | - | - | - | 127.2 |
| | | | | | | |
| Equity | | | | | | |
| Ordinary shares | 55.5 | - | - | - | - | 55.5 |
| Other reserves | 118.4 | - | - | - | - | 118.4 |
| Retained earnings | (46.7) | - | - | - | - | (46.7) |
| Total equity attributable to owners of the Company | 127.2 | - | - | - | - | 127.2 |

**Notes to the condensed consolidated half year financial statements**
for the half year ended 31 December 2022 (unaudited)

**21 Prior year adjustments (continued)**

**Statements of cash flows**

As a result of the restatements to the balance sheet, the following working capital movements have also been restated. The impact of the change in presentation of research and development expenditure tax credits has resulted in a change to the income tax cash flow, being a payment of £0.2m (previously a receipt of £2.0m).

| | 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 originally reported £m | Adjustment **i)** | Adjustment **ii)** | Adjustment **iii)** | Adjustment **iv)** | 2021 restated £m |
| Net cash generated from operations before changes in working capital | 4.5 | - | - | - | - | 4.5 |
| (Increase)/decrease in trade and other receivables | 14.7 | 1.0 | - | 2.2 | - | 17.9 |
| Increase/(decrease) in trade and other payables | (20.1) | (1.0) | 1.5 | - | - | (19.6) |
| (Decrease)/increase in provisions | - | - | (1.5) | - | - | (1.5) |
| Net cash generated from operations | (0.9) | - | - | 2.2 | - | 1.3 |

**Trade and other receivables**

| | 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 originally reported £m | Adjustment **i)** | Adjustment **ii)** | Adjustment **iii)** | Adjustment **iv)** | 2021 restated £m |
| Trade receivables | 56.2 | (2.3) | - | - | - | 53.9 |
| Less: provision for impairment of receivables | (0.1) | - | - | - | - | (0.1) |
| Trade receivables – net | 56.1 | (2.3) | - | - | - | 53.8 |
| Contract assets | 153.5 | (5.1) | - | - | (2.5) | 145.9 |
| Amounts due from joint ventures | 2.2 | - | - | - | - | 2.2 |
| Research and development expenditure credits | - | | | 2.3 | | 2.3 |
| Prepayments and other receivables | 23.3 | - | - | - | - | 23.3 |
| | 235.1 | (7.4) | - | 2.3 | (2.5) | 227.5 |

**Trade and other payables**

| | 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 originally reported £m | Adjustment **i)** | Adjustment **ii)** | Adjustment **iii)** | Adjustment **iv)** | 2021 restated £m |
| Trade payables | 73.4 | - | - | - | - | 73.4 |
| Contract liabilities | 133.4 | (7.4) | - | - | 1.3 | 127.3 |
| Other taxation and social security payable | 34.7 | - | - | - | - | 34.7 |
| Accruals and other payables | 245.7 | - | (36.5) | - | - | 209.2 |
| | 487.2 | (7.4) | (36.5) | - | 1.3 | 444.6 |

The impact on provisions for other liabilities and charges is stated in note 15.

**Forward looking statements**

Certain statements in this half year report are forward looking. Such statements should be treated with caution as they are based on current information and expectations and are subject to a number of risks and uncertainties that could cause actual events of outcomes to differ materially from expectations.

**Directors' responsibilities**

The half–yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half–yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the UK.

The directors confirm that these condensed consolidated half year financial statements have been prepared in accordance with IAS 34 as adopted by the UK; and that the interim management report herein gives a true and fair view of the assets, liabilities, financial position and profit of the Group as required by DTR 4.2.4 and includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

- an indication of important events that have occurred during the six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Galliford Try Holdings plc are:

| | |
|---|---|
| Alison Wood | Non–executive Chair |
| Bill Hocking | Chief Executive |
| Andrew Duxbury | Finance Director |
| Terry Miller | Senior Independent Director |
| Gavin Slark | Non–executive Director |
| Marisa Cassoni | Non–executive Director |
| Sally Boyle | Non–executive Director |

Peter Ventress resigned as a Non-executive Director on 21 September 2022.

Signed on behalf of the Board.

**Bill Hocking**
Chief Executive

**Andrew Duxbury**
Finance Director

8 March 2023

**Independent review report to Galliford Try Holdings plc**

**Report on the condensed consolidated interim financial statements**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows.

**Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

**Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

**Responsibilities of directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
8 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).