REGISTERED NUMBER: 04730752

# THE VERY GROUP LIMITED

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the 39 weeks ended 1 April 2023

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# THE VERY GROUP LIMITED
## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
## For the 39 weeks ended 1 April 2023

### INTERIM RESULTS STATEMENT

The Directors present their interim results statement of The Very Group Limited and its subsidiaries ("the Group") for the 39 week period ended 1 April 2023[1].

### Review of the business

The Very Group has delivered a robust performance, improving quarter on quarter as we move through FY23, despite a challenging environment. Total revenue increased by 0.1% to £1,680.2m (Q3 FY22 YTD: £1,678.3m) compared with the prior year, which included a period of heightened consumer demand due to the Omicron-variant of Covid-19. This resilient performance is despite the tough conditions in the market and a heavily promotional environment.

This shows that our strategic investments in pricing and stock availability continue to benefit our customers. We saw a 2.3% growth in new customers shopping across our brands and our highest ever net promotor score, which is a measure of our customer satisfaction. As a result, we have grown market share, demonstrating the strength of our business model which combines multi-category online retail with flexible payment options.

Within total revenue, our flagship brand Very UK represents 85% of sales (Restated[5] Q3 FY22 YTD: 83%) and saw an increase in revenue of 2.2% to £1,426.7m compared with the prior year (Restated[5] Q3 FY22 YTD: £1,395.4m). Very Ireland revenue declined 15.3% to £55.4m (Restated[5] Q3 FY22 YTD: £65.3m), owing to continued pressure on consumer confidence, which has shown slower improvement than in the UK. Littlewoods revenue declined 8.9% to £198.1m (Restated[5] Q3 FY22 YTD: £217.6m), which is in line with expectations as the managed decline strategy for this brand continues.

Our stable Group top line performance has supported the delivery of pre-exceptional EBITDA[2] of £190.1m, compared with our strongest ever Q3 result last year (Restated[3] Q3 FY22 YTD: £221.0m). The decline year on year is owing to lower gross margin as a result of changes in product mix and our strategic investments in pricing and stock, partially offset by strong operating cost control. Profit before tax for the period stood at £11.7m (Restated[3] Q3 FY22 YTD: £58.5m), with the decline since prior year due to lower EBITDA for the period and higher interest costs.

### Retail sales

Retail sales performance was resilient in the face of economic headwinds and given that the comparable figures include a period of enhanced demand due to the impact of the Omicron-variant. Group retail sales[6] decreased by 2.5% and Very UK retail sales were stable year on year compared with Q3 FY22 YTD. During this period the market contracted by 2.8%[4], meaning both the Group and Very has grown its retail market share.

Compared to pre-pandemic results in Q3 FY20 YTD, retail sales increased 10.1% on a Group basis, and 23.2% at the Very UK level. In the following category analysis all figures are comparing Q3 YTD for FY23 and FY22.

Group Fashion & Sports retail sales declined by 9.4% year on year and saw a decline of 8.2% at a Very UK level. This reflects a continuation of the position at Q2, with the decline driven by the reduction in Sportswear sales and a heavily promotional environment for Fashion.

1 Q3 FY23 YTD is the 39 weeks ended 1 April 2023. Q3 FY22 YTD is the 39 weeks ended 2 April 2022.

2 Pre-exceptional EBITDA is defined on page 5 of the Financial Statements.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

4 Based on British Retail Consortium data for the total online non-food market.

5 The comparative split of revenue and operating profit between Very and Littlewoods has been restated for a reallocation of the returns provision between the two key brands.

6 Retail sales is on a management accounts basis excluding statutory adjustments, therefore differs to revenue from the sale of goods presented in the condensed consolidated income statement.

**INTERIM RESULTS STATEMENT (continued)**

**Retail sales (continued)**

Group Electrical sales increased 0.2% year on year and we saw an increase of 3.0% at a Very UK level. This was driven by good availability across electrical categories and is underpinned by the strong performance of small domestic appliances and wearable technology. Electrical remains our largest category at 44.9% of Group retail sales.

Group Home retail sales declined 3.6% and 1.6% at a Very UK level, with growth in sales of beds, textiles and pet care offset by reduction in garden and home improvement categories, reflecting the worse weather year on year.

Toys, Gifts & Beauty (formerly Developing Categories) was an area of strategic focus leading in to the second quarter as we invested in stock and pricing in the run up to the peak season. This decision continues to be borne out in the third quarter results wherein we saw 8.3% growth at a Group level, and 12.8% growth for Very UK. In particular, there were strong sales in certain key categories, with growth of 20.5% for toys, 18.0% for personal care, and 8.0% for beauty (all growth figures for Very UK).

**Very Pay revenue**

Very Pay revenue (rendering of services) for the Group increased by 6.8% to £319.6m compared with the prior year (Q3 FY22 YTD: £299.4m). This reflects growth in the Group's average debtor book of 3.6%, within which we saw growth of 6.8% for Very UK, as payment rates have normalised after increasing through Covid-19 periods of lockdown. Group interest income, which accounts for the majority of total Very Pay revenue, increased by 5.8%. Interest income as a percentage of the average debtor book remained stable at 16.8% (Q3 FY22 YTD: 16.5%).

**Gross profit and costs**

In Q3 FY23, we delivered £583.8m of gross profit (Q3 FY22 YTD: £615.1m), which implies a statutory gross margin rate of 34.7% (a decrease of 2.0%pts from last year). This is driven by retail margin, the decline of which reflects changes in product mix, as well as our strategic investment in pricing and stock of key product lines that ensured we remained competitive in a promotional market, driving the customer recruitment and debtor book growth outlined earlier.

Gross margin is also impacted by bad debt, which as a percentage of the debtor book decreased by 0.1%pts year on year. Notably, our bad debt remains much lower than that seen pre-pandemic and remains an area of continued focus and risk management.

Cost control continues to be a key for the business and we have maintained discipline in this area despite significant cost inflation in the market. Operating costs (excluding depreciation, amortisation and exceptional items) at Q3 FY23 YTD were £395.3m, which is a reduction of 0.3% compared to the prior year (Restated[3] Q3 FY22 YTD: £396.3m). As a percentage of revenue this was a reduction of 0.1%pts to 23.5% (Restated[3] Q3 FY22 YTD: 23.6%).

Within this, distribution expenses decreased by £2.2m to £167.8m (Q3 FY22 YTD: £170.0m). This represents 10.0% as a percentage of revenue, a reduction of 0.1%pts compared with last year despite inflationary pressures. Administrative costs increased by £1.2m to £227.5m (Restated[3] Q3 FY22 YTD: £226.3m), reflecting higher technology spend, partially offset by marketing spend efficiencies.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

**INTERIM RESULTS STATEMENT (continued)**

### Pre-exceptional EBITDA and adjusted EBITDA

Our robust business model and strategic initiatives mean we continue to deliver strong positive earnings in FY23, despite the challenging retail environment. We achieved pre-exceptional EBITDA[2] of £190.1m in Q3 FY23 YTD (Restated[3] Q3 FY22 YTD: £221.0m). As a percentage of Group sales, the pre-exceptional EBITDA margin[2] decreased 1.9%pts to 11.3% (Restated[3] Q3 FY22 YTD: 13.2%).

This reflects the reduction in gross margin as sales mix has changed and we have invested in pricing to fuel customer and specific category growth. Adjusted EBITDA[7], which excludes fair value, pension and SaaS adjustments, decreased 8.6% to £211.4m (Q3 FY22 YTD: £231.4m). This equates to a margin of 12.6% (Restated[3] Q3 FY22 YTD: 13.8%) and is therefore greater than the pre-pandemic equivalent, showing structural growth in the business.

### Finance costs

Net finance costs (before exceptional items) increased to £112.1m (Q3 FY22 YTD: £78.0m) due to increased securitisation interest (owing to both higher Bank of England rates as well as the larger debtor book).

### Exceptional items

Exceptional costs in the year to date of £21.1m (Restated[3] Q3 FY22 YTD: £34.6m expenditure) include £19.4m spend on our tech acceleration programme, £3.8m of restructuring costs and £2.1m net cost saving as a result of our property strategy changes. The exceptional costs in Restated[3] Q3 FY22 YTD include £13.7m exceptional finance costs in relation to costs incurred as part of refinancing the £550m bond with the new £575m bond and £13.5m in relation to our tech transformation programme.

### Taxation

The tax charge in the income statement of £9.2m is based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (Restated[3] Q3 FY22 YTD: charge £12.0m). For the 39 weeks ended 1 April 2023 the effective tax rate that has been applied is 79.0% (Restated[3] 2 April 2022: 20.5%). The tax charge includes a £4.0m credit in relation to exceptional items charged in the period (Restated[3] Q3 FY22 YTD: £6.5m credit). The ETR is greater than the standard tax rate of 19% for the period largely as a result of transfer pricing adjustments which have not been offset with group relief.

### Statement of cash flows

Cash and cash equivalents increased by £18.8m to £62.2m in the first three quarters of the year, a cash inflow compared to the cash outflow seen last year (Q3 FY22 YTD: net cash and cash equivalents decreased by £36.4m to £41.7m). The improved cash outflow from operating activities of £94.4m (Restated[3] Q3 FY22 YTD: £143.7m) reflects improved working capital cashflows, notably through the movements in trade and other receivables and trade and other payables, offsetting the higher interest payments of £107.5m (Q3 FY22 YTD: outflow of £73.3m).

The cash outflows in respect of investment activities, which comprise capital additions for the period of £44.8m, have increased compared with prior year owing to further spend on our technology transformation (Restated[3] Q3 FY22 YTD: outflow of £29.2m). The cash inflow from financing activities of £158.0m (Q3 FY22 YTD: inflow of £136.5m) reflects £106.1m of drawings on the securitisation facility, which are in line with the prior year, increased drawings of the revolving credit facility of £75.0m (Q3 FY22: £60.0m) and lower dividend payments during the period.

2 Pre-exceptional EBITDA margin is defined on page 5 of the Financial Statements.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

7 Adjusted EBITDA is defined on page 5 of the Financial Statements.

**INTERIM RESULTS STATEMENT (continued)**

### Financial position

The decrease in equity of £4.4m to £190.2m (2 July 2022: equity £194.6m, Restated[3] 2 April 2022: equity £183.6m) was driven by a Dividend paid of £7.5m (2 July 2022 and 2 April 2022: £25.0m), offset by Comprehensive Income for the period of £3.1m (2 July 2022: £59.0m, Restated[3] 2 April 2022: £51.5m).

Inventory held at 1 April 2023 increased against the 2 July 2022 position to £131.2m (2 July 2022: £112.1m, 2 April 2022: £123.1m), with the increase against Q3 last year owing to improved availability across multiple categories in the current year. Trade and other receivables at 1 April 2023 increased against the 2 July 2022 position to £2,280.6m (2 July 2022: £2,144.0m, Restated[3] 2 April 2022: £2,216.7m). The increase compared to the Q3 FY22 position reflects the structural growth of the Very Pay debtor book as we recruit new credit customers and payment rates normalise to pre-pandemic levels. Trade and other payables at 1 April 2023 increased to £525.3m (2 July 2022: £517.6m, 2 April 2022: £481.2m).

The regulatory provision at 1 April 2023 has decreased against the 2 April 2022 position to £3.4m (2 July 2022: £3.7m, 2 April 2022: £4.1m). The remaining provision is based on an estimate of the remaining payments with £0.4m expected to be fully utilised within 12 months. The remaining £3.0m is expected to be utilised after 12 months.

Total lease liabilities at 1 April 2023 decreased to £97.1m from the 2 July 2022 position (2 July 2022: £97.9m, 2 April 2022: £164.6m), as the liability has unwound. The contrast to Q3 FY22 reflects the elimination of leases associated with assets that were consolidated within the Group when Primevere Equipment Ltd was acquired at the end of FY22.

Securitisation borrowings increased to £1,547.8m[8] from the year-end position (2 July 2022: £1,441.7m, 2 April 2022: £1,491.6m), driven by the growth in the debtor book. The securitisation borrowings figure includes £23.5m (2 April 2022: £24.6m, 2 July 2022: £23.9m) relating to the balance sheet receivables of Shop Direct Ireland Limited. At 1 April 2023, the total UK securitisation facility size was £1,585.0m. The securitisation facility expires in January 2026 for 'AS' Notes (£1,110.4m) and 'AJ' Notes (£153.9m). The 'B' Notes (£105.0m) and 'C1' Notes (£105.0m) expire in January 2025 and the 'C2' Notes (£50.0m) expire in December 2023. The Ireland facility has a total maximum commitment of €35.0m which expires in December 2024.

A further £35.2m (2 April 2022: £nil, 2 July 2022: £42.1m) of loans are denominated in Euros and relate to the debt brought onto the balance sheet when Primevere Equipment Ltd was acquired last year.

### Principal risks and uncertainties

The principal risks and uncertainties are as disclosed in the Group's consolidated financial statements for the period ended 2 July 2022.

### Going concern

In determining that the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position, borrowing facilities, and the principal risks and uncertainties relating to its business activities.

Following the work undertaken, the Directors are confident that the Group has sufficient liquidity period to September 2024 and will satisfy covenant requirements. Further detail on the going concern position of the Group is included in note 2 to the Financial Statements.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

8 The borrowing facilities presented here are at their nominal values. The primary financial statements and the notes to the financial statements present the facilities at values determined in accordance with IFRS 9 and as such will differ from the values shown here.

**INTERIM RESULTS STATEMENT (continued)**

**Alternative performance measures**

The Group uses a number of measures to assess financial performance that are not defined within IFRS and are widely referred to as 'Alternative Performance Measures' ("APMs"). The Directors use these measures to review the performance of the Group, as evidenced by their inclusion in the monthly Group Performance Report which is presented to the Board. Adjusted EBITDA is an important APM as it provides the best indication of the underlying trading performance of the Group.

**Reconciliation of operating profit to pre-exceptional EBITDA**

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Operating profit | 123.8 | 150.2 | 186.9 |
| Exclusion of exceptional items | 21.1 | 20.9 | 27.8 |
| **Operating profit before exceptional items[9]** | 144.9 | 171.1 | 214.7 |
| Exclusion of depreciation and amortisation | 45.2 | 49.9 | 65.0 |
| **Pre-exceptional EBITDA** | 190.1 | 221.0 | 279.7 |

**Reconciliation of pre-exceptional EBITDA to pre-exceptional EBITDA margin**

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Pre-exceptional EBITDA | 190.1 | 221.0 | 279.7 |
| Total revenue | 1,680.2 | 1,678.3 | 2,148.3 |
| **Pre-exceptional EBITDA margin** | 11.3% | 13.2% | 13.0% |

**Reconciliation of pre-exceptional EBITDA to adjusted EBITDA**

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Pre-exceptional EBITDA | 190.1 | 221.0 | 279.7 |
| Adjusted for: | | | |
| Fair value adjustments to financial instruments | 6.7 | (4.0) | (5.7) |
| Fair value adjustments to trade creditors | 4.0 | (1.4) | (0.7) |
| Pension adjustments | - | - | 1.5 |
| SaaS accounting policy change (see note 13) | 10.6 | 15.8 | 16.6 |
| **Adjusted EBITDA** | 211.4 | 231.4 | 291.4 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

9 Includes a £10.7m (gross) repayment of VAT from HMRC in respect of debt recovery in FY23.

**INTERIM RESULTS STATEMENT (continued)**

**Alternative performance measures (continued)**

**Reconciliation of administrative expenses before amortisation, depreciation and exceptional items**

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Administrative expenses | 290.2 | 294.4 | 368.4 |
| Amortisation charged to administrative expenses | (33.5) | (35.5) | (47.0) |
| Depreciation charged to administrative expenses | (8.1) | (11.7) | (14.2) |
| Exceptional items | (21.1) | (20.9) | (27.8) |
| **Administrative expenses before amortisation, depreciation and exceptional items** | 227.5 | 226.3 | 279.4 |

**Reconciliation of distribution costs before amortisation, depreciation and exceptional items**

| | 39 weeks to 1 April 2023 £'m | 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Distribution costs | 171.4 | 172.7 | 224.0 |
| Depreciation charged to distribution costs | (3.6) | (2.7) | (3.8) |
| **Distribution costs before amortisation, depreciation and exceptional items** | 167.8 | 170.0 | 220.2 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| | | 39 weeks to 1 April 2023 (unaudited) | | | (Restated)[3] 39 weeks to 2 April 2022 (unaudited) | | | 52 weeks to 2 July 2022 (audited) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Pre-exceptional items £'m | Exceptional items (Note 4) £'m | Total £'m | Pre-exceptional items £'m | Exceptional items (Note 4) £'m | Total £'m | Pre-exceptional items £'m | Exceptional items (Note 4) £'m | Total £'m |
| Sale of goods | | 1,360.6 | - | 1,360.6 | 1,378.9 | - | 1,378.9 | 1,750.4 | - | 1,750.4 |
| Rendering of services | | 319.6 | - | 319.6 | 299.4 | - | 299.4 | 397.9 | - | 397.9 |
| **Total revenue** | 3 | 1,680.2 | - | 1,680.2 | 1,678.3 | - | 1,678.3 | 2,148.3 | - | 2,148.3 |
| Cost of sales | | (1,096.4) | - | (1,096.4) | (1,063.2) | - | (1,063.2) | (1,371.6) | - | (1,371.6) |
| **Gross profit** | | 583.8 | - | 583.8 | 615.1 | - | 615.1 | 776.7 | - | 776.7 |
| Distribution costs | | (171.4) | - | (171.4) | (172.7) | - | (172.7) | (224.0) | - | (224.0) |
| Administrative costs | | (269.1) | (21.1) | (290.2) | (273.5) | (20.9) | (294.4) | (340.6) | (27.8) | (368.4) |
| Other operating income | | 1.6 | - | 1.6 | 2.2 | - | 2.2 | 2.6 | - | 2.6 |
| **Operating profit**[3,9] | 3 | 144.9 | (21.1) | 123.8 | 171.1 | (20.9) | 150.2 | 214.7 | (27.8) | 186.9 |
| Finance income | | 0.1 | - | 0.1 | - | - | - | - | - | - |
| Finance costs | | (112.2) | - | (112.2) | (78.0) | (13.7) | (91.7) | (109.3) | (13.7) | (123.0) |
| **Profit before tax** | | 32.8 | (21.1) | 11.7 | 93.1 | (34.6) | 58.5 | 105.4 | (41.5) | 63.9 |
| Tax (charge)/credit | 7 | (13.2) | 4.0 | (9.2) | (18.5) | 6.5 | (12.0) | (21.0) | 7.9 | (13.1) |
| **Profit/(Loss) for the period** | | 19.6 | (17.1) | 2.5 | 74.6 | (28.1) | 46.5 | 84.4 | (33.6) | 50.8 |
| **Profit/(Loss) attributable to equity holders of the Group** | | 19.6 | (17.1) | 2.5 | 74.6 | (28.1) | 46.5 | 84.4 | (33.6) | 50.8 |

The above results were derived from continuing operations.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

9 Includes a £10.7m (gross) repayment of VAT from HMRC in respect of debt recovery in FY23.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 39 weeks to 1 April 2023 (unaudited) £'m | (Restated)[3] 39 weeks to 2 April 2022 (unaudited) £'m | 52 weeks to 2 July 2022 (audited) £'m |
|---|---|---|---|---|
| Profit for the period | | 2.5 | 46.5 | 50.8 |
| **Items that will not be reclassified subsequently to profit or loss:** | | | | |
| Remeasurement on retirement benefit obligations before tax | | - | 8.6 | 10.5 |
| Income tax effect | 7 | - | (2.2) | (2.2) |
| Other comprehensive income for the period for items that will not be reclassified subsequently to profit or loss | | - | 6.4 | 8.3 |
| **Items that may be reclassified subsequently to profit or loss:** | | | | |
| Foreign currency translation gain/(loss) | | 0.6 | (1.4) | (0.1) |
| Other comprehensive income for the period | | 0.6 | 5.0 | 8.2 |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the company | | 3.1 | 51.5 | 59.0 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 1 April 2023 (unaudited) £'m | (Restated)[3] 2 April 2022 (unaudited) £'m | 2 July 2022 (audited) £'m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Goodwill | | 202.5 | 202.5 | 202.5 |
| Intangible assets | | 181.6 | 173.9 | 174.9 |
| Property, plant and equipment | | 72.4 | 23.2 | 75.4 |
| Right-of-use assets | | 82.9 | 149.9 | 84.7 |
| Deferred tax assets | | 185.2 | 194.2 | 190.8 |
| Trade and other receivables | 6 | 507.5 | - | 503.8 |
| | | 1,232.1 | 743.7 | 1,232.1 |
| **Current assets** | | | | |
| Inventories | | 131.2 | 123.1 | 112.1 |
| Trade and other receivables | 6 | 1,773.1 | 2,216.7 | 1,640.2 |
| Income tax asset | | - | - | 1.1 |
| Cash at bank | 10 | 62.2 | 41.7 | 43.4 |
| Derivative financial instruments | 5 | - | 3.4 | 5.1 |
| | | 1,966.5 | 2,384.9 | 1,801.9 |
| **Total assets** | | 3,198.6 | 3,128.6 | 3,034.0 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| | Notes | 1 April 2023 (unaudited) £'m | (Restated)[3] 2 April 2022 (unaudited) £'m | 2 July 2022 (audited) £'m |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 11 | (200.0) | (200.0) | (200.0) |
| Accumulated deficit | | 9.8 | 16.4 | 5.4 |
| **Equity attributable to owners of the company** | | (190.2) | (183.6) | (194.6) |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 9 | (607.7) | (575.6) | (620.9) |
| Securitisation facility | 9 | (1,497.8) | (1,491.6) | (1,441.7) |
| Retirement benefit obligations | | (1.3) | (1.6) | (1.3) |
| Deferred income | | (24.7) | (26.5) | (25.2) |
| Lease liabilities | | (92.4) | (152.3) | (96.8) |
| Provisions | 8 | (4.4) | (3.0) | (5.7) |
| | | (2,228.3) | (2,250.6) | (2,191.6) |
| **Current liabilities** | | | | |
| Trade and other payables | | (525.3) | (481.2) | (517.6) |
| Loans and borrowings | 9 | (155.9) | (148.4) | (80.0) |
| Securitisation facility | 9 | (50.0) | - | - |
| Lease liabilities | | (4.7) | (12.3) | (1.1) |
| Income tax liability | | (1.6) | (1.8) | - |
| Deferred income | | (37.0) | (44.7) | (44.4) |
| Provisions | 8 | (4.0) | (6.0) | (4.7) |
| Derivative financial instruments | 5 | (1.6) | - | - |
| | | (780.1) | (694.4) | (647.8) |
| **Total liabilities** | | (3,008.4) | (2,945.0) | (2,839.4) |
| **Total equity and liabilities** | | (3,198.6) | (3,128.6) | (3,034.0) |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £'m | Accumulated profit/(deficit) £'m | Merger reserve £'m | Total £'m |
|---|---|---|---|---|
| **Changes in equity for the 39 weeks to 1 April 2023 (unaudited)** | | | | |
| Balance as at 3 July 2022 | 200.0 | (8.9) | 3.5 | 194.6 |
| Profit for the period | - | 2.5 | - | 2.5 |
| Other comprehensive income | - | 0.6 | - | 0.6 |
| Total comprehensive income | - | 3.1 | - | 3.1 |
| Dividend paid to parent company | - | (7.5) | - | (7.5) |
| **Balance as at 1 April 2023** | 200.0 | (13.3) | 3.5 | 190.2 |
| **Changes in equity for the 39 weeks to 2 April 2022 (unaudited)** | | | | |
| Restated[3] balance at 3 July 2021 | 200.0 | (42.9) | - | 157.1 |
| Restated profit for the period[3] | - | 46.5 | - | 46.5 |
| Other comprehensive income | - | 5.0 | - | 5.0 |
| Restated[3] total comprehensive income | - | 51.5 | - | 51.5 |
| Dividend paid to parent company | - | (25.0) | - | (25.0) |
| **Restated[3] balance as at 2 April 2022** | 200.0 | (16.4) | - | 183.6 |
| **Changes in equity for the 52 weeks to 2 July 2022 (audited)** | | | | |
| Restated[3] balance as at 3 July 2021 | 200.0 | (42.9) | - | 157.1 |
| Profit for the period | - | 50.8 | - | 50.8 |
| Other comprehensive income | - | 8.2 | - | 8.2 |
| Total comprehensive income | - | 59.0 | - | 59.0 |
| Acquisition[10] | - | - | 3.5 | 3.5 |
| Dividend to parent company | - | (25.0) | - | (25.0) |
| **Balance as at 2 July 2022** | 200.0 | (8.9) | 3.5 | 194.6 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13. The accumulated profit/deficit balance as at 3 July 2021 was restated for a £52.9m reduction in reserves due to the impact of SaaS. Further detail of this restatement is available in the published annual financial statements for the 52-week period ended 2 July 2022.

10 During the previous financial year, The Very Group Limited acquired 100% of the ordinary share capital of Primevere Equipment Ltd.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 39 weeks to 1 April 2023 (unaudited) £'m | (Restated)[3] 39 weeks to 2 April 2022 (unaudited) £'m | 52 weeks to 2 July 2022 (audited) £'m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | 2.5 | 46.5 | 50.8 |
| Adjustments for: | | | |
| Depreciation | 11.7 | 14.4 | 18.0 |
| Amortisation | 33.5 | 35.5 | 47.0 |
| Financial instrument net losses/(gains) through profit and loss | 6.7 | (4.0) | (5.7) |
| Finance income | (0.1) | - | - |
| Finance costs | 112.2 | 91.7 | 123.0 |
| Income tax charge | 9.2 | 12.0 | 13.1 |
| (Decrease) in provisions | (2.0) | (12.1) | (10.7) |
| Adjustments for pensions | - | - | 1.5 |
| Operating cash flows before movements in working capital | 173.7 | 184.0 | 237.0 |
| (Increase) in inventories | (19.1) | (20.9) | (9.9) |
| (Increase) in trade and other receivables | (139.6) | (146.7) | (64.8) |
| (Decrease) in trade and other payables | (1.3) | (85.4) | (65.8) |
| Cash generated/(utilised) by operations | 13.7 | (69.0) | 96.5 |
| Income taxes paid | (0.6) | (1.4) | (1.4) |
| Interest paid | (107.5) | (73.3) | (100.2) |
| **Net cash outflows from operating activities** | **(94.4)** | **(143.7)** | **(5.1)** |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

| | 39 weeks to 1 April 2023 (unaudited) £'m | (Restated)[3] 39 weeks to 2 April 2022 (unaudited) £'m | 52 weeks to 2 July 2022 (audited) £'m |
|---|---|---|---|
| **Net cash outflows from operating activities** | (94.4) | (143.7) | (5.1) |
| **Cash flows from investing activities** | | | |
| Acquisitions of property plant and equipment | (3.9) | (0.8) | (1.7) |
| Acquisitions of intangible assets | (40.9) | (28.4) | (37.0) |
| Consideration paid from investing activities | - | - | (0.3) |
| Net cash outflows from investing activities | (44.8) | (29.2) | (39.0) |
| **Cash flows from financing activities** | | | |
| Payments of lease liabilities | (8.5) | (15.2) | (11.6) |
| Proceeds from securitisation facility | 106.1 | 102.4 | 52.5 |
| Net proceeds from senior secured notes | - | 25.0 | 25.0 |
| Payment of bond early redemption premium | - | (10.7) | (10.7) |
| Drawdowns of overdraft facility | - | - | - |
| Repayment of secured revolving credit facility | 75.0 | 60.0 | (14.9) |
| Repayment of bank loans | (7.1) | - | (5.9) |
| Dividends to parent company | (7.5) | (25.0) | (25.0) |
| Net cash inflows from financing activities | 158.0 | 136.5 | 9.4 |
| Net increase/(decrease) in cash and cash equivalents | 18.8 | (36.4) | (34.7) |
| Opening cash and cash equivalents (Note 10) | 43.4 | 78.1 | 78.1 |
| Closing cash and cash equivalents (Note 10) | 62.2 | 41.7 | 43.4 |

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

The Very Group Limited is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act. The address of its registered office is First Floor, Skyways House, Speke Road, Speke, Liverpool L70 1AB.

The Very Group Limited is the UK's largest integrated pureplay digital retailer and financial services provider, providing a multi-category range of famous brands, market-leading e-commerce and technology capabilities, and unique financial services products offering flexible ways to pay.

These consolidated interim financial statements were approved for issue on 23 May 2023.

### 2. Summary of accounting policies

**Basis of preparation**

This condensed set of financial statements for the 39 weeks ended 1 April 2023 should be read in conjunction with the annual financial statements for the 52 week period ended 2 July 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

The interim financial information has been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards as adopted by the United Kingdom and in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's annual financial statements for the 52 week period ended 2 July 2022.

The financial information included in this set of condensed accounts for the 39 week period ended 1 April 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of those accounts, prepared under International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, has been delivered to the Registrar of Companies for the 52 week period ended 2 July 2022. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group for the 52 weeks ending 1 July 2023 will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. This condensed set of financial statements has been prepared applying the accounting policies and presentation that will be applied in the preparation of the Group's consolidated financial statements for the 52 weeks ending 1 July 2023.

The financial statements are drawn up to Saturday 1 April 2023 for the current 39 week period. The financial information for the comparative periods relates to the 39 week period ended Saturday 2 April 2022 and the 52 week period ended Saturday 2 July 2022.

**New standards, interpretations and amendments not yet effective**

A number of new standards and interpretations have been issued but are not yet effective for the Group. These standards are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the Group.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2. Summary of accounting policies (continued)**

**Change in accounting policy - Software-as-a-service (SaaS) arrangements**

In the annual financial statements for the 52 weeks ended 2 July 2022, the Group changed its accounting policy related to the capitalisation of certain software costs; this change followed the IFRIC Interpretation Committee's agenda decision published in April 2021 and related to the capitalisation of costs under 'Software as a Service' (SaaS) arrangements.

The Group's accounting policy had historically been to capitalise costs related to SaaS arrangements as intangible assets in the Consolidated Statement of Financial Position. Following the adoption of the above IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine if the Group had control of the software. For those arrangements where control did not exist, the Group derecognised the intangible asset previously capitalised. This methodology was adopted during the period ended 2 July 2022 and retrospectively applied to prior financial periods to allow direct comparison.

Further details regarding the impact of this change in accounting policy on the 39 week period ended 2 April 2022 has been disclosed within note 13 of these condensed consolidated interim financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

Full details of the Group's critical accounting judgements and key sources of estimation uncertainty are included in the Group's consolidated financial statements for the 52 week period ended 2 July 2022. There have been no changes to the Group's critical accounting judgements and key sources of estimation uncertainty in the 39 weeks ended 1 April 2023.

The Group has been in a long running VAT dispute with HMRC in respect of the methodology used for the Group's partial exemption calculation. During the quarter, a favourable settlement has been agreed with HMRC which will result in a £3.2m credit from the release of the related tax deposit and a resolution to the long-running dispute. As at 1 April 2023, there remains £1.9m held as an accrual which represents the differential between the old partial exemption method calculation used in the VAT returns and what needs to be accrued for, based on the new partial exemption method calculation anticipated to apply to periods outside the settlement period. This accrual will be held until payment is made which is anticipated in Q1 FY24. Going forward the mutually agreed method for calculating the partial exemption will negate the need for any further tax deposits to be recognised.

**Going concern**

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Given the current uncertain economic climate, realistic assumptions for working capital performance have been used to determine the level of financial resources available to the Group and to assess liquidity risk. The key risk identified for these assumptions is the impact that a deterioration in the economic climate would have on revenues and the debtor book.

The Group has carefully considered its cash flows and banking covenants for the period to September 2024. These have been considered in conjunction with the current economic climate.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 2. Summary of accounting policies (continued)

**Going concern (continued)**

Following the work undertaken, the Directors are confident that the Group has sufficient liquidity for the period to September 2024 and will satisfy covenant requirements.

Forecasts have been stress tested with sensitivities around reductions in revenue, deterioration in customer payments, higher interest rate outlook and increased write offs of trade receivables.

Reverse stress testing has also been applied to the forecasts which represent a suitably significant deterioration in the key assumptions from the base case forecasts. The reverse stress sensitivities are considered to be remote. The Directors have also considered seasonality and the mitigating actions available in their base and stress scenarios.

After making appropriate enquiries the Directors have a reasonable expectation that the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

## 3. Segmental analysis

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the business segmental analysis set out below, showing the principal brands which represent the Group's reportable segments under IFRS 8. Pre-exceptional EBITDA represents the pre-exceptional EBITDA earned by each segment without allocation of central administration costs including finance costs and income tax expense. This is the measure reported to the Group's Chief Executive, who is the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 3. Segmental analysis (continued)

**By business segment**

| Analysis of revenue: | 39 weeks to 1 April 2023 £'m | (Restated)[3,5] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Very† | 1,482.1 | 1,460.7 | 1,790.5 |
| Littlewoods◊ | 198.1 | 217.6 | 357.8 |
| | 1,680.2 | 1,678.3 | 2,148.3 |
| Gross profit | 583.8 | 615.1 | 776.7 |
| Distribution costs excluding depreciation and exceptionals | (167.8) | (170.0) | (220.2) |
| Administrative costs excluding depreciation, amortisation and exceptionals | (227.5) | (226.3) | (279.4) |
| Other operating income | 1.6 | 2.2 | 2.6 |
| **Pre-exceptional EBITDA*:** | | | |
| Very† | 306.0 | 305.6 | 382.3 |
| Littlewoods◊ | 63.0 | 75.1 | 103.9 |
| Central costs | (178.9) | (159.7) | (206.5) |
| | 190.1 | 221.0 | 279.7 |
| Exceptional items | (21.1) | (20.9) | (27.8) |
| Depreciation | (11.7) | (14.4) | (18.0) |
| Amortisation | (33.5) | (35.5) | (47.0) |
| **Operating profit** | 123.8 | 150.2 | 186.9 |
| Finance income | 0.1 | - | - |
| Finance costs excluding exceptionals | (112.2) | (78.0) | (109.3) |
| Exceptional finance costs | - | (13.7) | (13.7) |
| Profit before taxation | 11.7 | 58.5 | 63.9 |

* Pre-exceptional EBITDA is defined as operating profit from continuing operations before amortisation of intangible assets, depreciation and exceptional items.

† Very revenue and pre-exceptional EBITDA includes Very.co.uk and Very.ie following the rebrand of LittlewoodsIreland.ie to Very.ie at the beginning of FY23. The comparative amounts for Very revenue and pre-exceptional EBITDA have been restated to include Very.ie accordingly.

◊ Littlewoods revenue and pre-exceptional EBITDA include Littlewoods.com following the rebrand of LittlewoodsIreland.ie to Very.ie at the beginning of FY23. The comparative amounts for Littlewoods revenue and pre-exceptional EBITDA have been restated to remove Very.ie accordingly.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

5 The comparative split of revenue and operating profit between Very and Littlewoods has been restated for a reallocation of the returns provision between the two key brands.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**3. Segmental analysis (continued)**

The analysis on the previous page is in respect of continuing operations.

**By geographical location of destination**

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| **Revenue:** | | | |
| United Kingdom | 1,624.8 | 1,613.0 | 2,067.7 |
| Republic of Ireland | 55.4 | 65.3 | 80.6 |
| | 1,680.2 | 1,678.3 | 2,148.3 |
| **Operating profit:** | | | |
| United Kingdom | 119.8 | 142.1 | 175.9 |
| Republic of Ireland | 4.0 | 8.1 | 11.0 |
| | 123.8 | 150.2 | 186.9 |

The analysis above is in respect of continuing operations.

Turnover by origin is not materially different from turnover by destination.

In common with many retailers, retail sales and therefore, to an extent, pre-exceptional EBITDA are subject to seasonal fluctuations and retail sales are weighted towards the first half of the financial year which includes the key Christmas period. This also results in seasonal variations in key balance sheet accounts including inventories, receivables and payables.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 4. Exceptional items before tax

| | 39 weeks to 1 April 2023 £'m | (Restated)[3] 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Technical transformation spend | 19.4 | 13.5 | 17.8 |
| Restructuring costs | 3.8 | (0.1) | 3.4 |
| Property strategy costs | 0.5 | - | - |
| Impairment reversal of tangible fixed assets | (1.8) | - | - |
| Release of site closure provision | (0.8) | - | - |
| Professional fees for corporate projects | - | 8.3 | 7.4 |
| Release of warranty claims provision | - | (0.8) | (0.8) |
| Charged to operating profit | 21.1 | 20.9 | 27.8 |
| Exceptional finance costs | - | 13.7 | 13.7 |
| Total exceptional costs | 21.1 | 34.6 | 41.5 |

Progress continues on our multi-year technical transformation program, which involves moving a significant portion of the Group's current on-premises technology to the cloud by December 2024. This has resulted in elevated levels of spend on cloud-based services and related implementation costs which are not considered to be representative of the Group's normal level of activity. As such, £19.4m of costs have been classified as exceptional in relation to spend incurred on this program during the current period (52 week period ended 2 July 2022: £17.8m). Exceptional costs have been restated for the 39 week period ended 2 April 2022 to recognise £13.5m of costs relating to this transformation program.

The restructuring costs of £3.8m in the current period (£3.4m for the 52 week period ended 2 July 2022, £0.1m credit for the 39 week period ended 2 April 2022) reflect expenditure on the rationalisation of processes and functions within The Very Group.

Property strategy costs of £0.5m have been incurred relating to a series of property changes made by the Group in the current period. Such changes include the closure of the Group's Lightbox site, the re-opening of Aintree and the re-location of operations across the property portfolio.

The impairment reversal of £1.8m relates to the re-opening of the Group's Aintree site. The site was previously closed as a result of the shift to homeworking during the Coronavirus pandemic. The site has now been re-opened to accommodate the re-location of Home and Living colleagues following a series of property changes, referred to as the 'property strategy'.

The £0.8m release of the site closure provision in the current period also relates to Aintree. The provision was created to cover expenditure such as dilapidations, facilities costs such as utilities, security and rates, and the costs associated with moving the customer care centre colleagues to the Group's head office. This provision is no longer required following the site re-opening.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 4. Exceptional items before tax (continued)

Professional fees of £7.4m for the 52 week period to 2 July 2022 and £8.3m in the 39 week period to 2 April 2022 relate to costs incurred in relation to corporate projects.

A warranty provision credit of £0.8m was recognised in the 52 week period ended 2 July 2022 relating to the release of the warranty provision which had been held in the accounts since the period ending June 2017. This provision was in relation to a historic issue with warranties on cancelled non-regulated retail products dating back as far as 2008 rather than existing warranties. The provision was released as it was no longer considered required and was recognised as an exceptional credit consistent with the initial recognition of the provision.

In the period to 2 July 2022, the Group successfully refinanced its £550m bond with £575m of new senior secured notes, which carry a lower coupon rate of 6.5% and will be renewable in August 2026. Exceptional finance costs of £13.7m recognised in the prior period relate to the premium paid for early redemption of the previous bond, which was not due until November 2022, along with the write-off of unamortised arrangement fees on the previous bond.

## 5. Derivative financial instruments

The Group uses fair values to measure its financial instruments using the following classifications:

- Level 1 – quoted prices for similar instruments
- Level 2 – directly observable market inputs other than Level 1 inputs
- Level 3 – inputs not based on observable market data

At the balance sheet date details of outstanding forward exchange contracts that the Group has committed to are as follows:

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Notional amount – Sterling contract value | 117.9 | 104.6 | 104.1 |
| Fair value of asset/(liability) recognised | (1.6) | 3.4 | 5.1 |

Changes in the fair value of derivative financial instruments amounted to a loss of £6.7m in the period (period to 2 April 2022: gain of £4.0m, period to 2 July 2022: gain of £5.7m), which is included in administrative expenses.

The fair value of foreign currency derivative contracts is their market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2 – directly observable market inputs other than Level 1 inputs. There were no transfers between Level 1 – quoted prices for similar instruments and Level 2 during the year.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 6. Trade and other receivables

| *Non-current:* | 1 April 2023 £'m | (Restated)[3] 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Amounts owed by group undertakings (note 12) | 507.5 | - | 503.8 |

| *Current:* | 1 April 2023 £'m | (Restated)[3] 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Trade receivables | 1,487.1 | 1,428.3 | 1,394.1 |
| Amounts owed by group undertakings (note 12) | 3.6 | 527.0 | 6.7 |
| Prepayments | 201.1 | 184.4 | 182.7 |
| Other receivables | 81.3 | 77.0 | 56.7 |
| | 1,773.1 | 2,216.7 | 1,640.2 |
| Total trade and other receivables | 2,280.6 | 2,216.7 | 2,144.0 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Gross trade receivables | 1,749.3 | 1,697.9 | 1,647.6 |
| Allowance for bad debts | (262.2) | (269.6) | (253.5) |
| Net trade receivables | 1,487.1 | 1,428.3 | 1,394.1 |

## 7. Income tax

Income tax expense is recognised based on management's best estimate of the full year effective tax rate based on estimated full year profits. For the 39 week period ended 1 April 2023 the effective tax rate that has been applied is 79.0% (Restated[3] 2 April 2022: 20.5%).

The ETR is greater than the standard tax rate of 19% for the period largely as a result of transfer pricing adjustments which have not been offset with group relief.

In the March 2021 Budget, the Government announced, with effect from 1 April 2023, an increase in the main rate of corporation tax from 19% to 25%. The Finance Bill 2021 was substantively enacted on 24 May 2021, the increase in the corporation tax rate has therefore been reflected in the valuation of our deferred tax assets at the balance sheet date.

3 The comparative information has been restated as a result of a change in accounting policy on Software-as-a-service (SaaS) arrangements, as discussed in note 2 and note 13.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 8. Provisions

| | Restructuring £'m | Regulatory £'m | Total £'m |
|---|---|---|---|
| **At 3 July 2022** | 6.7 | 3.7 | 10.4 |
| Increase in provisions | 2.2 | - | 2.2 |
| Provisions released | (1.3) | - | (1.3) |
| Provisions utilised | (2.6) | (0.3) | (2.9) |
| **At 1 April 2023** | 5.0 | 3.4 | 8.4 |
| Non-current | 1.4 | 3.0 | 4.4 |
| Current | 3.6 | 0.4 | 4.0 |
| | 5.0 | 3.4 | 8.4 |

£3.6m of the restructuring provision is expected to be utilised within 12 months. The remaining £1.4m is expected to be held until December 2024 at which point previous contractual commitments will no longer be in place.

The regulatory provision reflects the estimated cost of all historical shopping insurance claims and associated processing costs. £0.4m of this provision is expected to be utilised within 12 months from the balance sheet date whilst the remaining provision of £3.0m is expected to be fully utilised after 12 months.

| | Warranties £'m | Restructuring £'m | Regulatory £'m | Total £'m |
|---|---|---|---|---|
| **At 4 July 2021** | 0.8 | 9.2 | 11.1 | 21.1 |
| Provisions released | (0.8) | (0.1) | - | (0.9) |
| Provisions utilised | - | (4.2) | (7.0) | (11.2) |
| **At 2 April 2022** | - | 4.9 | 4.1 | 9.0 |
| Non-current | - | - | 3.0 | 3.0 |
| Current | - | 4.9 | 1.1 | 6.0 |
| | - | 4.9 | 4.1 | 9.0 |

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**8. Provisions (continued)**

| | Warranties £'m | Restructuring £'m | Regulatory £'m | Total £'m |
|---|---|---|---|---|
| **At 4 July 2021** | 0.8 | 9.2 | 11.1 | 21.1 |
| Increase in provisions | - | 3.4 | - | 3.4 |
| Provisions released | (0.8) | - | - | (0.8) |
| Provisions utilised | - | (5.9) | (7.4) | (13.3) |
| **At 2 July 2022** | - | 6.7 | 3.7 | 10.4 |
| Non-current | - | 2.7 | 3.0 | 5.7 |
| Current | - | 4.0 | 0.7 | 4.7 |
| | - | 6.7 | 3.7 | 10.4 |

The warranty provision of £0.8m was released to the Income Statement during the period ended 2 July 2022 following a comprehensive review. This provision was in relation to a historic issue with warranties on cancelled non-regulated retail products dating back as far as 2008 rather than existing warranties. Since no issues had arisen, along with the number of years that had passed since the warranties were taken out, the provision was no longer deemed to be required and so it was released.

**9. Loans and borrowings**

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| **Secured non-current loans and borrowings at amortised cost** | | | |
| Securitisation facility | 1,497.8 | 1,491.6 | 1,441.7 |
| Senior secured notes | 579.6 | 575.6 | 585.9 |
| Bank Loans | 28.1 | - | 35.0 |
| | 2,105.5 | 2,067.2 | 2,062.6 |
| **Current loans and borrowings at amortised cost** | | | |
| Securitisation facility | 50.0 | - | - |
| Secured revolving credit facility | 148.8 | 148.4 | 73.5 |
| Bank loans | 7.1 | - | 6.5 |
| | 205.9 | 148.4 | 80.0 |

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### 9. Loans and borrowings (continued)

Within the securitisation facility £23.5m (2 April 2022: £24.6m, 2 July 2022: £23.9m) is denominated in Euros and within bank loans £35.2m (2 April 2022: £nil, 2 July 2022: £42.1m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

The borrowings are repayable as follows:

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Within one year | 205.9 | 148.4 | 80.0 |
| In the second year | 240.6 | 74.5 | 57.4 |
| In the third to fifth year | 1,864.9 | 1,992.7 | 1,998.2 |
| Over five years | - | - | 7.0 |
| Amount due for settlement after one year | 2,105.5 | 2,067.2 | 2,062.6 |

The principal features of the Group's borrowings are as follows:

(a) The Group has drawn £1,524.3m (2 April 2022: £1,467.0m, 2 July 2022 £1,417.8m) on its UK securitisation facility. This is secured by a charge over certain eligible trade debtors of the Group and is without recourse to any of the other Group assets. The securitisation facility expires in January 2026 for 'AS' Notes (£1,110.4m) and 'AJ' Notes (£153.9m). The 'B' Notes (£105.0m) and 'C1' Notes (£105.0m) expire in January 2025 and the 'C2' Notes (£50.0m) expire in December 2023. The total facility size at 1 April 2023 was £1,585.0m.

(b) The Group has senior secured notes with a nominal value of £575.0m, at 6.5%, due August 2026 with a secured revolving credit facility with a nominal value of £150.0m which was fully drawn down at 1 April 2023 (2 April 2022: £150.0m facility fully drawn down, 2 July 2022: £150.0m facility of which £75.0m was drawn down). The senior secured notes are presented at amortised cost.

(c) The Group has an Irish securitisation facility against which it has drawn down £23.5m (2 April 2022: £24.6m, 2 July 2022: £23.9m), secured by a charge over certain eligible trade debtors of the Group. The facility was extended in the prior year and has a total maximum commitment of €35.0m which expires in December 2024.

(d) On 22 June 2022, the Group acquired Primevere Equipment Ltd, which holds a bank loan with a carrying value of £35.2m at 1 April 2023 (2 April 2022: £nil, 2 July 2022 £42.1m). Regular payments are made against this loan which is expected to be fully settled in February 2028.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### 10. Reconciliation of net cash and cash equivalents

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Cash at bank | 17.9 | 41.7 | 36.1 |
| Cash equivalents | 44.3 | - | 7.3 |
| Net cash and cash equivalents in statement of cash flows | 62.2 | 41.7 | 43.4 |

Cash and cash equivalents comprise cash net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to fair value

### 11. Share Capital

Allotted, called up and fully paid shares

| | 1 April 2023 | | 2 April 2022 | | 2 July 2022 | |
|---|---|---|---|---|---|---|
| | No. m | £'m | No. m | £'m | No. m | £'m |
| Ordinary shares of £1 each | 200 | 200 | 200 | 200 | 200 | 200 |

### 12. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed. Transactions between the Group and its fellow group companies are disclosed below. During the year, Group companies entered into the following transactions with fellow group companies and related parties who are not members of The Very Group Limited Group:

**Recharged costs**

| | 39 weeks to 1 April 2023 £'m | 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Yodel Delivery Network Limited | 0.2 | 2.3 | 2.4 |
| Arrow XL Limited | - | 1.0 | 1.0 |
| | 0.2 | 3.3 | 3.4 |

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**12. Related party transactions (continued)**

**Purchase of services**

| | 39 weeks to 1 April 2023 £'m | 39 weeks to 2 April 2022 £'m | 52 weeks to 2 July 2022 £'m |
|---|---|---|---|
| Yodel Delivery Network Limited | (66.3) | (62.0) | (80.2) |
| Arrow XL Limited | (29.5) | (26.4) | (37.9) |
| Trenport Property Holdings Limited | (0.5) | (0.5) | (0.6) |
| Shop Direct Holdings Limited | (5.6) | (3.8) | (7.2) |
| | (101.9) | (92.7) | (125.9) |

The Group had the following balances outstanding with its fellow group companies:

**Amounts due from fellow Group undertakings**

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Shop Direct Holdings Limited | 499.2 | 494.2 | 495.5 |
| Yodel Delivery Network Limited | 3.6 | 6.3 | 5.5 |
| Arrow XL Limited | - | 1.8 | 1.2 |
| Primevere Limited | 8.3 | 8.9 | 8.3 |
| Primevere Equipment Ltd | - | 15.8 | - |
| | 511.1 | 527.0 | 510.5 |

**Amounts due to fellow Group undertakings**

| | 1 April 2023 £'m | 2 April 2022 £'m | 2 July 2022 £'m |
|---|---|---|---|
| Arrow XL Limited | (3.9) | - | - |
| | (3.9) | - | - |

The amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Group acquired Primevere Equipment Ltd on 22 June 2022. Prior to acquisition, Primevere Equipment Ltd was deemed a related party and any outstanding trade relationships were disclosed as related party transactions. Upon acquisition, Primevere Equipment Ltd ceased to be classified as a related party and is a subsidiary of the Group. The intercompany balances have been eliminated on consolidation.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## 13. Impact of the change in accounting policy - Software-as-a-service (SaaS) arrangements

In the annual financial statements for the 52 weeks ended 2 July 2022, the Group changed its accounting policy related to the capitalisation of certain software costs; this change followed the IFRIC Interpretation Committee's agenda decision published in April 2021 and related to the capitalisation of costs under 'Software as a Service' (SaaS) arrangements.

The Group's accounting policy had historically been to capitalise costs related to SaaS arrangements as intangible assets in the Consolidated Statement of Financial Position. Following the adoption of the above IFRIC agenda guidance, current SaaS arrangements were identified and assessed to determine if the Group had control of the software. For those arrangement where control did not exist, the Group derecognised the intangible asset previously capitalised. This methodology was adopted during the period ended 2 July 2022 and retrospectively applied to prior financial periods to allow direct comparison.

**Impact on the Group Statement of Financial Position**

| | (As previously reported) 2 April 2022 £'m | Impact of restatement £'m | (Restated) 2 April 2022 £'m |
|---|---|---|---|
| Intangible assets | 260.0 | (86.1) | 173.9 |
| Deferred tax asset | 178.6 | 15.6 | 194.2 |
| Corporation tax asset | 1.1 | (1.1) | - |
| Other assets | 2,758.7 | 1.8 | 2,760.5 |
| **Total assets** | 3,198.4 | (69.8) | 3,128.6 |
| **Equity** | | | |
| Share capital | (200.0) | - | (200.0) |
| Accumulated (profit)/deficit | (55.2) | 71.6 | 16.4 |
| **Equity attributable to owners of the company** | (255.2) | 71.6 | (183.6) |
| Corporation tax liability | - | (1.8) | (1.8) |
| Other liabilities | (2,943.2) | - | (2,943.2) |
| **Total liabilities** | (2,943.2) | (1.8) | (2,945.0) |
| **Total equity and liabilities** | (3,198.4) | 69.8 | (3,128.6) |

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**13. Impact of the change in accounting policy - Software-as-a-service (SaaS) arrangements (continued)**

**Impact on Group's Segmental Analysis, Income Statement and Statement of Comprehensive Income**

| | (As previously reported) 39 weeks to 2 April 2022 £'m | Impact of restatement £'m | (Restated) 39 weeks to 2 April 2022 £'m |
|---|---|---|---|
| **Pre-exceptional EBITDA:** | | | |
| Very | 305.6 | - | 305.6 |
| Littlewoods | 75.1 | - | 75.1 |
| Central Costs | (143.9) | (15.8) | (159.7) |
| | 236.8 | (15.8) | 221.0 |
| Exceptional items | (7.4) | (13.5) | (20.9) |
| Depreciation | (14.4) | - | (14.4) |
| Amortisation | (44.1) | 8.6 | (35.5) |
| **Operating profit** | 170.9 | (20.7) | 150.2 |
| **Profit before tax** | 79.2 | (20.7) | 58.5 |
| **Profit for the period** | 65.2 | (18.7) | 46.5 |

As per the disclosure in note 3, the comparative split of revenue and operating profit between Very and Littlewoods has been restated for a reallocation of the returns provision between the two key brands and the rebrand of LittlewoodsIreland.i.e to Very.ie.

The total impact on administrative expenses (including exceptional items) presented in the Income Statement for the 39 week period ending 2 April 2022 is £20.7m.

**Impact on Group's effective tax rate**

| | (As previously reported) 39 weeks to 2 April 2022 £'m | Impact of restatement £'m | (Restated) 39 weeks to 2 April 2022 £'m |
|---|---|---|---|
| **Profit before tax** | 79.2 | (20.7) | 58.5 |
| Tax charge | (14.0) | 2.0 | (12.0) |
| **Profit for the period** | 65.2 | (18.7) | 46.5 |
| Effective tax rate | 17.7% | 9.7% | 20.5% |

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**13. Impact of the change in accounting policy - Software-as-a-service (SaaS) arrangements (continued)**

**Impact on Group's Statement of Cash Flows**

| | (As previously reported) 39 weeks to 2 April 2022 £'m | Impact of restatement £'m | (Restated) 39 weeks to 2 April 2022 £'m |
|---|---|---|---|
| Net cash flow from operating activities | (112.9) | (30.8) | (143.7) |
| Net cash flow from investing activities | (60.0) | 30.8 | (29.2) |
| Net cash flow from financing activities | 136.5 | - | 136.5 |
| **Net decrease in cash and cash equivalents** | (36.4) | - | (36.4) |

There is no impact on the overall increase in cash and cash equivalents for the period.