

# Helping families get more out of life

Annual Report and Group  
Financial Statements 2022/2023





# We help families get more out of life

This is our Purpose

## ABOUT US

With annual revenue of £2.15bn, The Very Group is the largest UK-headquartered integrated pureplay digital retailer and flexible payment provider.

We're here for the millions of online shoppers in the UK and Ireland – and especially for families. We combine over 2,000 famous brands across electrical, home, fashion and more, with a simple online experience and flexible ways to pay provided via our Very Pay platform. We receive 1.4m daily website visits from our 4.4m groupwide active customers across the UK and Ireland, delivering 42m items annually.



Find out more:  
[www.theverygroup.com](http://www.theverygroup.com)

## STRATEGIC REPORT

- Operating and financial highlights 2
- Our business at a glance 3
- Chair's review 4
- CEO's review of the year 6
- Our business model 9
- Our strategy 10
- Technology transformation 13
- People and culture 15
- Key performance indicators 18
- Financial review 19
- Risk management and principal risks 23
- Sustainability 29
- Stakeholder engagement and section 172 42
- Non-Financial and Sustainability Information Statement 47
- Streamlined energy and carbon reporting 49

## GOVERNANCE

- Chair's introduction to governance 50
- Corporate governance report 51
- Board activity in FY23 56
- Audit and Risk Committee report 60
- Remuneration and Nomination Committee report 64
- ESG Committee report 66

## FINANCIAL STATEMENTS

- Company information 67
- Directors' report 67
- Directors' responsibilities statement 69
- Independent auditor's report 70
- Financial statements and notes to the financial statements 73





FY23 HIGHLIGHTS

# Operating and financial highlights

## GROUP REVENUE

# £2,147.0m

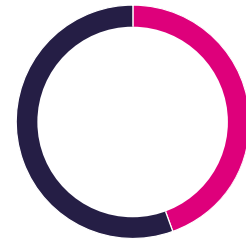
(-0.1% YoY) – resilient top line performance against tough market conditions



## APP SALES MIX % (AS % OF TOTAL ONLINE SALES)

# 44.5%

(+5.3%pts YoY)



## ADJUSTED EBITDA<sup>1</sup>

# £276.5m

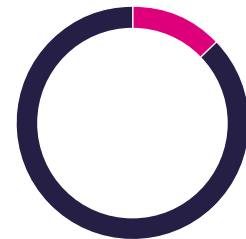
(-5.1% YoY) – decline reflects the gross margin result and the approach taken to invest in our proposition



## ADJUSTED EBITDA MARGIN

# 12.9%

(-0.7%pts YoY)



# 3.68m

Very UK total active customers  
(+2.5% YoY)

# 100%

renewable energy usage at  
our highly automated  
fulfilment centre

# £422.1m

Very Finance revenue  
(+6.1% YoY)

# 3.9m

customer interactions  
with our chatbot

# 2,000

brands across fashion, home,  
electrical and more

# 42.2m

items delivered

# 35.9

our best ever Group level  
net promoter score (NPS)

# 4/5

Glassdoor rating

<sup>1</sup> Adjusted EBITDA is defined on page 20 within the Financial Review





BRANDS OUR CUSTOMERS LOVE

# Our business at a glance

Representing 85% of Group revenue (FY22: 83%), Very UK is our flagship brand serving millions of families. Through our websites and dedicated app, customers can find products for almost all areas of life.

**VERY UK NPS**  
**37.6**  
(+8.9)

**VERY UK REVENUE**  
**£1,824.1m**  
(+1.9%)

### VERY UK RETAIL SALES <sup>1</sup>

**£1,416.7m**

(+0.0%)



**VERY UK TOTAL ACTIVE CUSTOMERS**  
**3.68m**  
(+2.5%)

### Littlewoods.com

Very UK is supported by Littlewoods UK and Very Ireland. Established in 1923, Littlewoods is a family-focused digital store that continues to serve a loyal customer base. Very Ireland, formerly Littlewoods Ireland, is among Ireland's largest pureplay digital retailers and has traded in the country for over 40 years.

### COMBINED REVENUE <sup>2</sup>

**£322.9m**

(-9.8%)

### COMBINED RETAIL SALES <sup>1,2</sup>

**£285.6m**

(-12.7%)



<sup>1</sup> Retail sales is on a management accounts basis and therefore excludes certain other adjustments. As such, it differs to revenue from the sale of goods as presented in note 4 to the accounts.

<sup>2</sup> Combined figures comprise those for Littlewoods UK and Very Ireland, which was rebranded from Littlewoods Ireland at the beginning of FY23.







BUILDING FOR THE FUTURE

# Chair's review



Our proposition is successful because it is built on a deep knowledge and understanding of our customer."

**DIRK VAN DEN BERGHE**  
CHAIRMAN



## RESILIENCE IN THE FACE OF CHALLENGE

In my first Chair's review in last year's Annual Report, I wrote about The Very Group's proven ability to adapt to meet the changing needs of its customers. The resilience of the business' proposition is demonstrated across its 100-year heritage.

During FY23, our customers and our business have faced fresh challenges, but our people have continued to work tirelessly, bringing their passion and energy to serve our customers every day. I am pleased that with the amazing support of our people, our multi-category digital retail offer combined with our Very Pay platform has continued to deliver for the families we serve. This is evident in our resilient FY23 performance with record-breaking customer satisfaction, strong Very Finance results, and growing market share for our Very UK business.

By investing in our customer proposition, and specifically along our strategic pillars of ease, choice and understanding, we have been there with the right products at the right price during the past 12 months. And we will continue to invest, while maintaining discipline around costs, to ensure we remain as relevant for our customers in the future as we have been throughout our long history.

## TRANSFORMATION FOR FUTURE GROWTH

Our historic success is not the result of sitting still. Throughout our history, we have shown we can evolve and adapt with changing landscapes. Led by our new CEO, Lionel Desclée, and his track record of customer-centricity and transformation, alongside his experienced team, we have taken the opportunity in FY23 to evolve our strategy. This provides the basis on which we will deliver value over the medium to long term.

Our purpose is unchanged; we exist to help families get more out of life. Our pillars of ease, choice and understanding sit at the heart of our strategy and will enable us to build the most trusted ecosystem for families.

We can deliver ease through a best-in-class digital customer experience. This will be underpinned by our tech transformation programme, within which we made a number of important developments.

We aim to provide even more choice to our customers, both in terms of our curated retail proposition and our flexible payments business. We aim to build and optimise our retail assortment, ensuring we're there to meet customer demand wherever it heads. Through our flexible fulfilment model, we'll be able to fulfil customer orders directly from the supplier, ensuring we can complete orders

even where we might not have items in stock directly. We will also continue to build and scale commercial partnerships with suppliers and brands, giving us access to the products customers want.

Our proposition is successful because it is built on deep knowledge and understanding of our customer. We have one of the richest datasets in the industry when it comes to knowing our customer, which has underpinned so much of our historic success. On the retail front, it informs the brands we work with and how we curate our product. For Very Finance, data underpins our credit decisioning so we can provide flexible ways to pay whilst tightly controlling our credit risk. This is demonstrated through our FY23 performance, where we have seen strong results in the Very Finance business without excess bad debt.

But with the advent of artificial intelligence and machine learning, we are finding new and exciting ways to further our understanding of who is shopping with us and how. The challenge now is to use this learning to better inform how we serve our customers, through stock and inventory management, to marketing, to how we extend our ways to pay.

 **GOVERNANCE REPORT**  
Read more on pages 50-66



## BUILDING FOR THE FUTURE

## Chair's review (continued)

## STRENGTHENING LEADERSHIP

It is key that we run our business sustainably so we can always be there for our customers. To do this, we need the right people and the right governance in place. At the start of FY23, we welcomed Richard Mayfield and Tim Franklin as two new Non-Executive Directors to the business. Richard has extensive experience across UK and global retail, having held leadership roles most recently at Walmart, as well as Kingfisher, House of Fraser and Waitrose. Tim brings valuable experience in financial services, built through leadership roles at the Co-operative Banking Group and Britannia Building Society. The experience our two new Non-Executive Directors bring to the Group will prove valuable across our integrated businesses.

At the executive level, we are delighted to have appointed Nick McBrien to the Executive team as our Chief Risk and Legal Officer. Building on his role in

overseeing our regulatory and risk agenda, Nick will now bring ESG and sustainability within his remit, ensuring we have a strategy and execution that reflects the importance we place on doing the right thing for people and the planet. In this year's Annual Report, we have included our first disclosure under the Climate Related Financial Disclosures regime (see pages 29-41), providing greater transparency in how we embed climate and environmental considerations in our business decisions.

Additionally, Ben Fletcher has broadened his role to Chief Finance and Transformation Officer. Within the extended role, Ben will spearhead transformation in how we work across all facets of our business, to embed a customer-first focus in all that we do. This will allow our business to bring ease, choice and understanding more effectively to our customers.

## LOOKING FORWARD

The directors have considered recent press speculation around the financing of the wider shareholder group of which The Very Group is part. Following a thorough review supported by third parties, the directors believe the likelihood of the financing arrangements of the wider group impacting The Very Group business to be remote and do not impact conclusions regarding the going concern assumption. More detail is in note 2 (pages 77 to 85).

The headwinds faced by customers and the industry across FY23 remain relevant as we turn toward FY24. However, we have a rich history demonstrating how our resilient business model can perform strongly even during previous challenging economic periods. With our business-wide transformation supporting a customer-led strategy to build the most trusted ecosystem for our families, we look to FY24 with confidence.







RESILIENCE IN CHALLENGING TIMES

# CEO's review of the year



We have navigated headwinds while continuing to invest in our proposition and customer experience."

**LIONEL DESCLÉE**  
GROUP CHIEF EXECUTIVE



## REFLECTING ON THE YEAR

When I joined The Very Group in September 2022, I wrote about our people's passion for helping customers – and especially families – get more out of life. The business prides itself on its strong relationship with, and understanding of, our customers. This compelled me to join, and I remain focused on enhancing this understanding so we can continue to effectively serve families.

During my first 12 months, rising inflation has fuelled the high cost of living, presenting challenges for our customers. Faced with growing costs, we know they were more careful about how and where they spent their money.

Over our long history, The Very Group has established a compelling business model that combines a curated retail proposition with flexible payments, which remained relevant in FY23. But that does not mean we should stand still. We need to be sensitive to the needs of our families, and capable of adapting to a competitive market.

As a business, we have unique assets that can make the difference in these times. They include a highly automated, market-leading fulfilment operation; a world-class flexible payments platform; and a rich dataset, which we can translate into insight and action efficiently. And, crucially, we have colleagues whose passion and commitment transform our assets into value.

Maximising these assets in FY23 has been central to our performance and delivering for our customers. But as I wrote in last year's Annual Report, my philosophy is to respect the past, manage the present, and continuously innovate for the future. Over the past year, we have navigated headwinds while continuing to invest in our proposition and customer experience. This means that when we emerge from the current economic challenges, our business will be well positioned to continue to serve our families, creating value for them and our business.

## CUSTOMER FOCUS TO DELIVER RESULTS

We are reporting resilient results for FY23, and it is our colleagues' relentless focus on serving our customers that sits at the heart of our performance. The investments we have made in product, alongside longer-term transformation in technology and the digital customer experience, has yielded our best-ever net promoter score. 3.7m customers shopped with Very UK during FY23, which was an increase of 2.5% compared with the previous year.

In a challenging market, we recorded Group revenue of £2,147.0m (FY22: £2,148.3m), a decrease of 0.1% year-on-year. Underpinning this is Very UK, which grew at 1.9% to £1,824.1m (FY22: £1,790.5m). This reflects a robust performance that

remained ahead of the UK online non-food retail market and grew our share, but also strong Very Finance performance.

The Very Finance performance reflects growth in the Group average debtor book of 3.6% year-on-year to £1,713.3 (FY22: £1,654.1m), whilst the Very UK book grew 6.6% to £1,436.2m (FY22: £1,346.7m). Gross margin declined 0.8%pts to 35.4%, driven by retail gross margin as we made strategic investments in pricing and product assortment.

### FIND OUT MORE

- OUR STRATEGY**  
Read more on pages 10 to 12
- OUR TECHNOLOGY TRANSFORMATION**  
Read more on pages 13 and 14
- OUR ESG STRATEGY**  
Read more on page 30
- PEOPLE AND CULTURE**  
Read more on pages 15 to 17





## RESILIENCE IN CHALLENGING TIMES

## CEO's review of the year (continued)

These carefully targeted price investments resonated with customers, driving strong sales growth and market share gains in the Toys, Gifts and Beauty and Electrical categories in particular, and offsetting the declines seen in Fashion & Sports and Home.

We have delivered adjusted EBITDA of £276.5m (FY22: £291.4m), and an adjusted EBITDA margin of 12.9% (FY22: 13.6%). The movement is a result of a reduction in gross margin and our focus on price investment. Despite a boom in online demand in FY21 and the first half of FY22, followed by rising inflation throughout FY23, our adjusted EBITDA margin remains in line with its level in FY20, illustrating resilience and structural growth.

Profit before tax of £4.6m in FY23 (FY22: £63.9m) is driven by heightened interest costs in FY23 as a result of the impact of the Bank of England's base rate and, to a lesser extent, changes at EBITDA level. We will manage the cost of interest by continuing to focus on investment-led growth, effective working capital management, and considered cost reduction.

Despite the heightened costs seen during FY23, our focus on cash management has delivered a free cash flow position that is stronger than in FY22.

## A STRATEGY WITH CUSTOMERS AT THE HEART

Our families love our assortment, our flexible ways to pay, and our digital customer experience. Bringing this together, our ambition is to build the most trusted ecosystem for families, served via our app. Our roadmap to this ambition is underpinned by three pillars – ease, choice and understanding. By sharpening our proposition and delivering for our families in these three areas, we can better serve existing customers, attract new customers, and deliver even greater value for all of our stakeholders. This year, we have made great progress. You can read more about our strategy on pages 10 to 12.

## INVESTING IN OUR PROPOSITION EASE: BUILDING A BEST-IN-CLASS PLATFORM

As part of our biggest ever technology transformation, we are moving our business onto our new ecommerce platform. This means more flexibility and scalability in introducing new innovations, and being able to make customer experience changes faster and more frequently than ever before. And with new partnerships with innovators such as Constructor, which is supporting the revamp of our on-site discovery capability, we will offer our customers even greater ease throughout their online journey. You can read more about our technology transformation on pages 13 and 14.



We will continue to enhance our customer proposition, building on our pillars of ease, choice and understanding."

**LIONEL DESCLÉE**  
GROUP CHIEF EXECUTIVE





## RESILIENCE IN CHALLENGING TIMES

## CEO's review of the year (continued)

**CHOICE: BRINGING THE BEST BRANDS TO OUR CUSTOMERS**

This year we have added more than 100 new brands to our curated assortment. These include Ted Baker childrenswear and Pretty Green in Fashion and Sport; GWF and Emma Bridgewater in Home, and Google Pixel mobile in Electricals.

We invested in Toys, Gifts and Beauty given its importance to the families we serve, particularly across our peak period, delivering 8.7% growth. Our Toys range continues to reflect the leading brands in the market, and within Beauty we extended our range with brands such as Dermalogica.

Complementing our third-party brand offering, we extended our own brand Everyday range, which now includes over 1,100 fashion lines; 85% of these high-quality fashion staples are priced at £30 or less.

Meanwhile, our flexible fulfilment model, launched in FY22, enables us to connect our systems with those of our brand partners. We can therefore extend our product ranges and availability by deciding how to ship items, including direct from the supplier, which provides more choice for our customers, better access to the families we serve for suppliers, and more flexibility for our business in optimising our warehousing and fulfilment operations. Further growth is planned for FY24 and beyond.

**UNDERSTANDING: TURNING DATA TO INSIGHTS AND ACTION**

Our understanding of our customers is critical to our ability to live our purpose and deliver our ambition. Insight derived from our rich dataset informs our decisions, from choosing our retail assortment, to how we market, and how we manage risk.

Amidst the overhaul of our systems, we have also migrated to a cloud-based customer relationship management system, giving us new levels of agility, flexibility and scalability. This means we can derive insights faster, and adapt to customer needs more effectively. Through modern solutions in the artificial intelligence space, we can further our understanding of customers in new ways.

**SETTING OURSELVES UP FOR A SUSTAINABLE FUTURE**

To ensure we can serve our families for generations to come, our strategy must consider the wider planet and communities too. As a business, we are aware of the impact we have and the role we can play in protecting our future. Recognising this, we have this year refreshed our Environment, Social and Governance (ESG) agenda, spearheaded with a new ESG Committee that is a formal committee of the Board and will ensure the actions we need to take are addressed at the highest level of our business. You can read about our ESG strategy in our report on page 30, which this year also includes disclosures under the CFD regime, providing greater transparency as to how The Very Group is affected by climate change and what we can do to manage this.

**OUR PEOPLE AND CULTURE**

Our accomplishments this year would not be possible without our people. Since my very first days in the business I have been impressed by our colleagues. They serve our customers and live our purpose every day, and we want to ensure we have a workplace and culture that allows them to do so to the best of their ability. Our 4 out of 5 Glassdoor rating is something we are proud of, but we are keen to continue to build and evolve so our people can continue to thrive. Our 300-member strong People Labs network gives another voice to our colleagues so we can listen, reflect and change our workplace for the better. You can read more about how we are doing this in our People and Culture report on pages 15 to 17.

Furthermore, we have begun introducing a new operating model to support our people and our transformation. By changing how our teams are organised, prioritise and work together, we aim to become a more customer-centric organisation. This will enable us to offer greater ease, choice and understanding for our customers.

**LOOKING AHEAD**

Everyone at The Very Group can be proud of our FY23 performance. We have navigated challenges and continued to fulfil our ambition. This reflects the tireless work of our people and the inherent strength of our model, as well as the benefits of our insight-led investments and decisions aligned to our strategy.

The inflationary pressures faced by our customers and our business through FY23 look set to continue. However, our proposition of multi-category retail with flexible ways to pay has proven it has a large role to play in the lives of our families. But if there is one thing we can take from the last couple of years, it is that the landscape can change rapidly, and we cannot be complacent.

We will closely monitor the world we operate in, and remain agile and responsive to changes, enabled by investment in our technology and systems. We will also continue to enhance our customer proposition, building on our pillars of ease, choice and understanding. By making the right choices for our customers, we can be confident in our ability to reach even more people, building towards our goal of being the most trusted ecosystem for families.





AN INTEGRATED MODEL TO SERVE OUR CUSTOMERS

# Our business model

## OUR PURPOSE

**WE HELP FAMILIES GET MORE OUT OF LIFE**

Our resilient business model combines retail and flexible ways to pay to create a valuable proposition for our customers.

## OUR RETAIL BRANDS



Littlewoods.com

### INCREASINGLY PERSONALISED MARKETING EXPERIENCE

Serving up timely, relevant marketing messages to customers, increasingly enabled by data, machine learning and AI.

### ONGOING ENGAGEMENT TO DRIVE HIGHER RETENTION

We retain customers, using data and predictive models to deliver compelling, helpful content to encourage repeat purchases.

### USER-CENTRIC ECOMMERCE PLATFORM

Supported by the ongoing migration of our website and app customer journeys to our new ecommerce platform, and enhancements like AI-powered product discovery.



### SEAMLESS DELIVERY AND RETURNS EXPERIENCE

Our highly automated fulfilment centre supports 10pm cut off next day delivery, nominated delivery, and standard delivery services, as well as click-and-collect options.

### CURATED MULTI-CATEGORY OFFERING

2,000 famous brands across Electrical, Home, Fashion & Sports, and Toys, Gifts & Beauty, as well as our own labels.

### THE VERY PAY PLATFORM

Our FCA-regulated flexible ways to pay – which are supported by advanced credit decisioning – allow customers to buy now, pay in three, buy now pay later, or pay monthly.

## CREATING VALUE

### FOR CUSTOMERS

**35.9** (FY22: 27.7)

Net promoter score in FY23

Read our strategy section on pages 10 to 12 for more information on how we create value for our customers.

### FOR OUR PEOPLE

**4/5**

Glassdoor rating

Read our People and Culture section on pages 15 to 17 for more information on how we create value for our colleagues.

### FOR OUR COMMUNITIES

**6,000**

Workers supported in our supply chain via training and education projects in FY23

Read page 30 of our ESG section for more information on how we create value for our communities.

### FOR THE ENVIRONMENT

**-60.9%**

reduction in Scope 1 emissions in FY22 compared with FY21

Read pages 30 to 33 of our ESG section for more information on how we create value for our environment.

### FOR OUR FINANCIAL STAKEHOLDERS

**+4.6%** (£276.5m)

Adjusted EBITDA growth compared to FY20 (-5.1% YoY)

Read our Chief Finance and Transformation Officer's Review on page 19 for more information on how we create value for our financial stakeholders.





A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

# Our strategy

For more than 100 years, we have been there for families. As the way families shop has changed, so have we. From catalogues, to bricks, to clicks, to mobile. We have consistently transformed to meet their needs.

The world has changed dramatically in recent years, and the retail landscape has altered as a result. As costs have risen and technology has advanced, customers' wants and needs have evolved, and they have more options to choose from than ever before.

We believe consumers will reward companies who sharpen their proposition in these challenging times. We know our customers inside out. They love our assortment, our flexible ways to pay, and the digital experience we offer. We serve millions of customers in the UK, but there are still plenty of families in our core segment we can support by strengthening our proposition.

Following the arrival of our new CEO, Lionel Desclée, our strategy was further developed in FY23, with the ambition to build the most trusted ecosystem for families. In the current environment, we have a formula for growth. We believe that an outstanding purpose, fulfilled by brilliant people who keep their promise to deliver ease, choice and understanding, results in better service to customers, a more fulfilling experience for our people, and better growth and returns for suppliers and shareholders. This is underpinned by the transformation of our technology and our operating model, as well as our commitment to ESG, which will help families get more out of life for generations to come.

## OUR PURPOSE

Help families get more out of life.

## OUR AMBITION

Build the most trusted ecosystem for families.

### FOR FAMILIES

The most flexible ways to pay for all the brands, products and services they want and need within a seamless digital experience.

### FOR BRANDS

Be the smartest way to access families.

## OUR STRATEGY

To achieve our ambition, we are focused on three things.

### EASE

Brilliant **customer experience** – from shopping on our app to receiving our products.

### CHOICE

Best **assortment** of products and services **curated** for families, with **market-leading payment options**.

### UNDERSTANDING

Showing we **understand our customers** better than anyone else.





## A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

## Our strategy (continued)

## ACHIEVEMENTS IN FY23

## EASE

## PRODUCT DISCOVERY

Our partnership with Constructor will introduce new search, browse and autosuggest tools across our Very website and app to provide our customers with faster, more personalised results. Using AI, natural language processing, machine learning and data, these tools learn from anonymous individual interactions and behaviours to optimise the product discovery experience.

## VIRTUAL TRY-ON

We launched virtual make-up try-on features that use augmented reality to allow customers to discover and choose products that best match their needs.

Using ModiFace technology, customers shopping on Very's app can virtually try on 24 lip products by L'Oréal Paris, Maybelline and NYX.

## CONTENT MANAGEMENT

Using Amplience's Dynamic Content solution, we have simplified the process of managing digital content across our brands and devices. This is making customers' browsing experience simpler and allowing our teams to create and deploy rich, engaging content more quickly.

## CHOICE

## EXPANDED FLEXIBLE FULFILMENT

We have expanded flexible fulfilment in FY23 to include three new brands. Flexible fulfilment allows us to choose the most efficient way to fulfil any given product by connecting our systems with those of our brand partners; and by shipping directly to customers from the supplier, we have been able to enhance the assortment of products we offer.

## EVERYDAY RANGE

Our Everyday range offers customers high quality, affordable essentials for everyday life. This year we have expanded the offering. We have introduced 540 new fashion products, such as casual essentials from £6, school uniform items from £5 and denim from £18, and a further 400 new home products.

## ENHANCED VERY PAY PLATFORM

January saw the deployment of phase one of our new Very Pay platform. The new platform will provide the base from which our growing range of credit payment options will be tailored to customers. In Phase one, control of our existing payment options moved on to the new platform.

## UNDERSTANDING

## BRAND STRATEGY

This year we have delivered improvements in spontaneous Very brand and Very Pay awareness, demonstrating that we are becoming more top of mind for consumers. We've also refreshed our brand strategy, connecting our customers and colleagues to Very in a way that feels modern, reflects our purpose, and aligns with our new ambition.

## RETAIL MEDIA

Our unique insight into our customers allows us to build engaging and effective journeys. This benefits our customers and suppliers, allowing bespoke marketing and tailored customer engagement. During FY23, our key partnerships have included the Apple Back to School campaign and Adidas x AJ collection.

## SUPPORTING OUR CUSTOMERS

We have carried out a programme of work to enhance support for customers with characteristics of vulnerability. We've created bespoke training for our customer care colleagues to help them proactively identify signs of potential vulnerability. The training covers how to sensitively work with customers to understand the additional needs this creates, and the actions we can take to support them.



A STRATEGY BUILT AROUND THE CUSTOMERS WE SERVE

Our strategy (continued)

AMBITIONS FOR FY24

EASE

We will continue the transformation of our ecommerce platform. Our new platform, Skyscape, will enable us to deliver customer experience changes more frequently and faster than ever before.

Very's app is the channel of choice for our most loyal and engaged customers. To reward that loyalty, we will continue to create a differentiated app experience with greater personalisation and tailored product recommendations.

CHOICE

This year we have onboarded some exciting sports and leisure brands, such as Castore and Gym + Coffee. In FY24, we will introduce new specialist sports and athleisure brands to offer even more choice, as we will across other categories. We will also enhance our Everyday range in the home category.

In addition, we will continue to develop our Very Pay platform, laying the groundwork to even better tailor BNPL terms for our customers. Our new monthly insurance product has already been integrated into the Very Pay platform.

UNDERSTANDING

We will roll out our new brand strategy, investing to continue building a loved household brand that is first choice for families. It will connect more families with what our brand has to offer. Meanwhile, our CRM technology will support more personalised customer journeys.

To help us prioritise and address even more customer pain points, we are partnering with a new net promoter score provider. We will receive improved analysis of customer feedback and implement a closed-loop process for addressing issues raised with accountable teams within the Company.

OUR TRANSFORMATION

TECH TRANSFORMATION

Replatforming our systems, giving our customers a better experience and our people the tools to succeed.

Read more in our technology case study on page 13.

FUTURE VERY

A new customer-centric operating model, creating the conditions for our people to thrive.

Read more in our s172 statement on pages 42 to 46.

ESG

Helping families get more out of life for generations to come.

Read more in the ESG section on pages 29 to 41.





## TECHNOLOGY TRANSFORMATION

## A simple digital customer experience

### DATA TO POWER INSIGHT AND ACTION

Our understanding of our customers sits behind everything we do. That understanding is built on hundreds of data points on each customer, across all parts of the retail journey. But the value lies in how this data is used to drive insight and, in turn, inform decisions that help us provide the best experiences for our customers.

We have built a comprehensive, self-serve data platform that means data is a click away for all our colleagues. Across all our operations, we can place customer understanding at the centre. By replacing and upgrading our underlying systems, we can ensure we are even quicker when it comes to action on the back of our insight.

### OUR BIGGEST TECH TRANSFORMATION

Last year, we started our biggest ever tech transformation project. We will move our technology infrastructure to a cloud-based, microservices architecture, continually improving our ability to launch new tech faster than ever before to the benefit of our customers, our people, and our suppliers. As part of this, our new ecommerce platform will allow us to step-change our digital customer experience on our website and app, and how quickly and efficiently we can deliver improvements. The new platform's flexibility and scalability also means it is aligned with our strategic ambitions. We have made great progress over the last 12 months and will continue to migrate Very from our old systems and onto our new platform over the course of FY24.



## TECHNOLOGY TRANSFORMATION

## A simple digital customer experience (continued)

### A NEW DESIGN SYSTEM

Our new ecommerce platform will introduce a contemporary, consistent and accessible experience powered by our new Fuse design system. We have already transformed the checkout experience, which is one of the most sensitive stages in the customer purchasing journey. With the help of the Fuse system, we will have a cleaner and more modern interface, and in due course the entire customer journey will have AA graded accessibility. The changes so far have been well received by customers, with order conversion up, particularly with new customers.

The benefits are not just felt by our customers. Fuse simplifies how we approach the design of our digital pages, and gives time back to our designers, developers and content creators so they can focus on other areas of the customer journey.

### HELPING CUSTOMERS DISCOVER WHAT THEY WANT

Within the retail world and beyond, there are exciting developments in artificial intelligence (AI) and machine learning. Harnessing these provides opportunities to bring new levels of

personalisation and efficiency to our business, benefitting customers and colleagues alike.

This year we partnered with Constructor to transform our product discovery experience using AI. The platform can learn from how customers anonymously engage with the product discovery aspects of our site, such as auto-suggest, search, browse and recommendations. Using this learning, customers hunting for the right product will be presented with personalised search results faster than ever, providing a more rewarding experience. This learning capability went live on our search functions shortly after our year end, and we're excited to see the benefits for our customers. In the long-term, we believe this technology will drive increased conversion and sales.

### CONFIDENCE IN THEIR PURCHASES

When customers have found the product they are looking for, it is important that it meets their needs. We have partnered with Ampliance to upgrade our content management system, providing a more modern interface for customers whilst allowing us to deliver content changes faster and more easily. With the power

of augmented reality, customers can see how different products look to give them confidence the purchase is right for them, helping to avoid returns. Our partnership with Modiface allows customers to virtually try-on a range of lip products, whilst our Benefit Brow Try-on technology on Very's mobile website lets customers experiment with various eyebrow styles and discover products that can help them achieve the look they want.

### TECHNOLOGY TO GALVANISE OUR RETAIL PROPOSITION

As a business, we are always looking for ways to make our operations more efficient. By transforming how we do things internally, we can save time and costs, giving us more to invest back into the customer.

Our flexible fulfilment model was introduced FY22, initially with Adidas and Reebok. Through this model, we can ship products directly from the brand to the customer. This means we can significantly expand the assortment of products we offer and fulfil orders even where we don't have stock in our own warehouses, so we can be there more reliably for our customers.

For us, it means simpler inventory management, and less pressure on our own fulfilment operations.

Since the initial launch, we have onboarded 10 brands.

In FY23, we also launched an AI platform in partnership with Amazon Web Services that transformed our retail forecasting operations. For the customer, this means we are better prepared for changes in demand and can ensure we have the right products available at the right time. Through this innovative use of machine learning and AI, our data team won the award for Most Effective Stakeholder Engagement at the DataIQ Awards 2022.

### BUILDING OUR CAPABILITIES

The strength of our tech programme is built on the strength of the teams working tirelessly behind the scenes, the excellence of which has been recognised externally. In addition to our data team's award, our Digital Customer Experience team also saw recognition through the CX Awards. We have fantastic people supporting us in delivering our purpose, and we're continuing to strengthen.

With the right team, we will continue to find new innovative ways to serve our customers and provide them with ease, choice and understanding.







## LED BY OUR VALUES

## People and culture

### A PLACE BUILT ON VALUES

The commitment and passion of our people allows us to deliver for our customers and fulfil our purpose of helping families get more out of life.

We want The Very Group to be a place that brings out the best of our colleagues, underpinned by our five values:

1. **Proud**
2. **Trusted**
3. **Together**
4. **Innovative**
5. **Ambitious**

By embedding these values in everything we do, we can create the best experience for our people and, in turn, our customers. To be really effective, we need to ensure we continue to listen to our colleagues and react to the changing landscape, ensuring we always have a workplace that our people are passionate about and proud to be a part of.

### CONTINUING TO ADAPT TO A NEW WAY OF WORKING

During the pandemic, we transitioned to a flexible hybrid working model, empowering colleagues to choose where they worked. We continue to believe in the benefits of hybrid, but we also believe that being together helps to foster collaboration and innovation to deliver for our customers. To that end, most office-based colleagues now aim for three days in-person with their teammates. But not every week or personal circumstance is the same, so we trust our people to use the hybrid model to best benefit them, their team and, most importantly, our customers.

We are engaging with our colleagues to ensure that our new model works. Our People Labs are colleague-led groups that listen to our teams and help enact change. Launched in July 2022, we now have close to 300 members across 30 forums, giving our people a continuous voice, alongside our colleague surveys, to work with us to evolve our culture.





LED BY OUR VALUES

People and culture (continued)

OUR 2025 D&I COMMITMENTS



Very will be a more inclusive workplace – with all colleagues feeling welcomed, represented and valued



We'll have more females in our senior management roles at Very



Our Very colleagues will represent the ethnic diversity of our nation and our local communities



We'll have created employment opportunities at Very for underrepresented groups in our local communities



Very will have actively contributed to shaping diversity and inclusion in the industries we operate in



Read about our commitments and progress in our latest D&I report.

We have continued to invest in our work spaces in line with feedback received through our People Labs. Through new food and drink options, to the events we hold on our sites, we are passionate about ensuring colleagues can create and experience moments that matter to them.

TOWARDS OUR 2025 COMMITMENTS

Our diversity and inclusion ambition is to ensure that every colleague, customer and member of our community feels welcomed, represented and valued. Our passion and efforts are reflected in our Glassdoor D&I rating, which stands at 4.1 out of 5. But we know more can be done, and we have made five 2025 commitments that will help us become an even more inclusive place.

We empower our people to drive change and support a number of colleague-led networks. Following the success of our LGBTQ+, WAVE (Women at Very), and RAVE (Race at Very) networks, our people have launched three new networks. MIND, THINK and GENS provide forums to discuss mental health and neurodiversity, and to connect with people of similar age groups respectively. Across our six networks we have over 500 members, driving change from within our business.

Education has been a big part of our D&I agenda this year. We have launched a mandatory e-learning module on conscious inclusion and held embed sessions for our Executive Board, resulting in many of them having their own personal D&I objective.

BUILDING DIVERSE TALENT PIPELINES

We opened applications for our FY24 graduate programme and, for the first time, removed educational requirements. Our roles are open to a wider talent pool, because we know diverse backgrounds bring value to our business. By focusing on early careers, we can build a diverse talent pipeline that reflects our local communities.

For those who have taken extended breaks from work, we have our returners programme. Through our six month 'returnship', delivered in partnership with external organisation, Women Returners, colleagues get the mentoring and support they need to make their return to work successful.

Beyond our graduate and returner schemes, many of our colleagues have benefited from externally hosted programmes such as the Global Female Leader programme and the Ethnic Future Leaders programme, (both led by our partners, Diversity in Retail).

LEARNING AND DEVELOPMENT

We are passionate about being a workplace that empowers our people to be the best versions of themselves. Not only is this about ensuring everybody feels welcome, but also giving our colleagues the tools they need to learn and develop.

Towards the end of 2022, we partnered with Udemy Business, the world's leading online learning library. This has provided our people with access to more than 22,000 courses on a huge variety of topics.

Through Udemy, colleagues can tailor their own learning experience, curating their course playlists to suit their goals and ambitions. From technical courses on data science and analysis, to the soft skills needed to be a leader, to foreign languages – there is something for everybody. Almost 2,000 of our colleagues had signed up and used the platform by the end of FY23.



LED BY OUR VALUES

## People and culture (continued)

### HEALTH, SAFETY AND WELLBEING

The health and safety of our people is of paramount importance. Our H&S management system, comprising 34 policies, is endorsed by our Executive Committee, and audited by the British Standards Institute to ISO 45001 standard.

To ensure our teammates feel at their best, we have resources to support their physical, mental and financial wellbeing. Colleagues have access to wellbeing support through our membership of the Retail Trust. Our MIND committee provides a forum for colleagues to raise awareness and understanding of mental health. Our newly launched 'Let's Talk' podcast, focusing on real life mental health stories at The Very Group, had 900 listeners across the first two episodes.

### IN SUMMARY

Our people, workplace and culture reflect the values of our business. That is why we are able to live our purpose of helping families get more out of life. As the world changes, we will continue to evolve our approach to ensure everybody at The Very Group loves what they do and where they do it. Our people and their passion are what help us serve our customers.

## 4 out of 5

Overall Glassdoor rating

## 4.1 out of 5

D&I Glassdoor rating







## A RESILIENT PERFORMANCE

# Key performance indicators

The Board uses a range of key performance indicators (KPIs) to measure the progress against our economic value model and wider business strategy. These include both financial and non-financial targets, which are aligned to our purpose and the pillars of our strategy.

Among our KPIs, we use alternative performance measures (APMs). APMs are not defined by IFRS and therefore may not be directly comparable to other companies' APMs. These are reconciled to equivalent statutory balances in the Financial Review on pages 19 to 22.

## NON-FINANCIAL

## GROUP ACTIVE CUSTOMERS

## 4.36m

(-1.1%)



## GROUP AVERAGE ORDER FREQUENCY

## 4.5x

(-4.3%)



## GROUP AVERAGE ORDER VALUE

## £151.0

(+4.5%)



## NET PROMOTER SCORE

## 35.9

(+8.2)



## FINANCIAL

## GROUP REVENUE

## £2,147.0m

(-0.1%)

## VERY UK REVENUE

## £1,824.1m

(+1.9%)

## VERY FINANCE REVENUE

## £422.1m

(+6.1%)

## GROUP GROSS MARGIN

## £35.4%

(-0.8%)

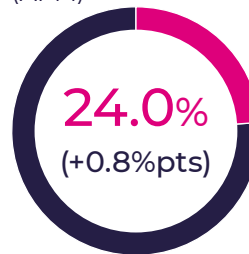
## ADJUSTED FREE CASH FLOW (APM)

## £128.4m

(+9.6%)



## GROUP COSTS AS % OF REVENUE (APM)



## VERY UK AVERAGE DEBTOR BOOK (APM)

## £1,436.2m

(+6.6%)



## GROUP BAD DEBT AS % OF DEBTOR BOOK (APM)

## 5.9%

(-0.4%pts)



## PROFIT BEFORE TAX

## £4.6m

(-92.8%)



## ADJUSTED EBITDA (APM)

## £276.5m

(-5.1%)







## A RESILIENT PERFORMANCE

# Financial review



I am pleased to present a robust set of financial results for FY23, a year in which we have increased our market share and achieved our best-ever net promoter score.

**BEN FLETCHER**  
GROUP CHIEF FINANCIAL OFFICER



## OVERVIEW

Over the past 12 months, the macro-economic backdrop has been challenging, with rising inflation and climbing interest rates resulting in the cost of living crisis. This has put pressure on household budgets and we know that customers and colleagues have had to make difficult decisions around how they prioritise their spend.

Businesses have a choice in this tough environment: to retrench or to invest. We believe that investing is the right approach to succeeding in the short and medium term. Our view is that consumers will identify and reward those companies who sharpen their proposition in tougher economic times, and we believe that improving our operating model now means we will be well placed as the economy and market recovers. Our resilient FY23 performance shows that the decision to invest in the future is paying off, and

our longer-term trajectory despite the current year pressures remains one of growth.

We have a consistent focus on the drivers of earnings, earnings quality and liquidity, and we consider our performance against the five aspects of our economic value model. These are long-term revenue growth for Very UK, increasing the Very debtor book, improving return on assets, stable gross margin and cost control, which form part of the overall KPIs outlined on page 18. Very UK revenue has increased 1.9%. Our longer-term trajectory remains one of growth, supported by our growing debtor book, with Very UK revenue up 22.6% compared to FY19. Our decision to strategically invest in pricing to grow certain categories and ensure our customers have access to the products they need at a price that is right for them has naturally led to a decline in gross margin of 0.8%pts. This decrease also includes the impact of

the resulting shift in sales mix. We have tightly managed costs, with costs as a percentage of revenue increasing 0.8%pts despite the inflationary environment. We have also seen an improvement in bad debt, which is evidence of the robust credit risk management we have continued to display over many years.

The environment of heightened interest rates, following the Bank of England increases throughout the year, has impacted our business. Increased interest costs have been the primary driver of the reduction in profit before tax to £4.6m (FY22: £63.9m). Despite inflationary and interest rate headwinds faced in FY23, our focus on cash management has delivered a free cash flow position that is stronger than in FY22.

## SALES

In a challenging market, we achieved Group sales of £2,147.0m, which is a small decline of 0.1% compared with the prior year (FY22: £2,148.3m). Within this, Very UK revenue has increased 1.9% compared with FY22. This shows our continuing positive trajectory and achievement on the first pillar of our economic value model – long-term Very UK revenue growth. Group revenue also reflects Very Ireland, which saw a decline of 14.2% to £69.1m (FY22: £80.6m) and Littlewoods, which declined 8.4% to £253.8m (FY22: £277.2m).

## GROUP REVENUE

	FY23 £ m	FY22 £ m	Variance £ m	Variance %
Fashion & Sports	531.3	584.5	(53.2)	(9.1)%
Electrical	746.2	742.7	3.5	0.5%
Home	228.6	236.7	(8.1)	(3.4)%
Toys, Gifts and Beauty	196.2	180.4	15.8	8.8%
<b>Total retail sales</b>	<b>1,702.3</b>	1,744.3	(42.0)	(2.4)%
Statutory and other adjustments	22.6	6.1	16.5	
<b>Total retail revenue</b>	<b>1,724.9</b>	1,750.4	(25.5)	(1.5)%
Very Finance revenue	422.1	397.9	24.2	6.1%
<b>Total Group revenue</b>	<b>2,147.0</b>	2,148.3	(1.3)	(0.1)%



## A RESILIENT PERFORMANCE

## Financial review (continued)

## INCOME STATEMENT

	FY23 £ m	FY22 £ m
Very UK	1,824.1	1,790.5
Very Ireland	69.1	80.6
Littlewoods	253.8	277.2
<b>Group Revenue</b>	<b>2,147.0</b>	2,148.3
Gross margin	760.3	776.7
% margin	35.4%	36.2%
Distribution expenses	(214.4)	(220.2)
Administrative expenses	(301.2)	(279.4)
Depreciation and amortisation	(60.4)	(65.0)
Other operating income	2.2	2.6
<b>Operating profit before exceptional items</b>	<b>186.5</b>	214.7
Net finance costs	(155.4)	(109.3)
<b>Profit before tax and exceptional items</b>	<b>31.1</b>	105.4
Exceptional items	(26.5)	(41.5)
<b>Profit before tax</b>	<b>4.6</b>	63.9

## RECONCILIATION TO ADJUSTED EBITDA

	FY23 £ m	FY22 £ m
<b>Operating profit</b>	<b>160.0</b>	186.9
Adjusted for exceptional items	26.5	27.8
<b>Operating profit before exceptional items</b>	<b>186.5</b>	214.7
Adjusted for pre-depreciation and amortisation	60.4	65.0
<b>Pre-exceptional EBITDA</b>	<b>246.9</b>	279.7
<i>Adjusted for:</i>		
Fair value adjustments to financial instruments	8.6	(5.7)
Foreign exchange translation movements	3.4	(0.7)
IAS 19 pension adjustments	1.8	1.5
SaaS accounting change	15.8	16.6
<b>Adjusted EBITDA</b>	<b>276.5</b>	291.4

<sup>1</sup> Retail sales is on a management accounts basis excluding statutory adjustments and therefore differs to revenue from the sale of goods presented in note 4.

## RETAIL

At a Very UK category level, Electricals saw growth of 3.3%, driven by good availability across categories and underpinned by strong performance in small domestic appliances, such as air fryers and wearable tech. The small decline in home of 1.4% reflects growth in textiles and pet care, which was offset by declines in the garden and home improvement categories.

Fashion & Sports declined 8.2% in a promotional market while annualising against an Omicron-driven step up in FY22. Within the category, casual womenswear and casual menswear performed strongly. This year, we launched our Everyday range, which now represents 8% of fashion sales.

Toys, Gifts and Beauty has been a standout performer, growing 13.0% year-on-year, following strategic investment in inventory and pricing. This resulted in a particularly strong performance across Toys and Beauty during our peak trading period. One of the key drivers of our improved net promoter score is pricing, showing that our investment has been recognised and appreciated by our customers.

## VERY FINANCE

Very Finance, the flexible payments arm of our integrated model, saw sustained growth in FY23, demonstrating the continued importance of our flexible ways to pay in helping our customers. Very Finance revenue increased by 6.1%

VERY UK RETAIL SALES MIX<sup>1</sup>

	FY23 £ m	FY22 £ m
Fashion & Sports	423.1	460.9
Electrical	653.7	633.1
Home	174.8	177.2
Toys, Gifts and Beauty	165.1	146.1
<b>Very UK</b>	<b>1,416.7</b>	1,417.3

to £422.1m (FY22: £397.9m), as our Very Pay platform becomes increasingly important to our customers in challenging times.

The Very UK average debtor book increased by 6.6% year-on-year, driven by our growing customer base. Debtor book growth is a key element of our economic value model, and for good reason. Not only does it support revenue growth in the period, but with cautious management of credit risk and bad debt this will create future value as well. Interest income increased 5.1% to £379.7m (FY22: £361.1m) as a result of the growing debtor book and was supported by the gradual reduction of early settlement rates, which is a normalisation following the unprecedented levels seen in FY21.

Despite the economic conditions, we continue to see no signs of distress in the debtor book in any of the leading indicators we use to monitor our credit risk. Given the importance of bad debt and Very Finance plays in our economic value model and earnings quality, the ongoing effort to improve and manage our credit risk will remain paramount as

we continue to face headwinds in the market.

## CUSTOMERS

We are led by our purpose, to help families get more out of life, and our customers are at the heart of everything we do at The Very Group. The past year has been a challenge for our customers as they have navigated the cost of living crisis and rising inflation. Our decision to invest in our customer proposition, to ensure they have access to the brands they love at a price that is right for them, coupled with the flexibility offered by our payment options, means our business has continued to prove attractive to families.

During FY23 we served 4.4m customers across the Group, with 3.7m customers shopping with Very UK, which was an increase of 2.5% compared with the previous year and is testament to the strength of our customer proposition. Within this, we are delighted to welcome 1.4m new customers to Very.



## A RESILIENT PERFORMANCE

## Financial review (continued)

## RECONCILIATION TO ADJUSTED FREE CASH FLOW

	FY23 £ m	FY22 £ m
<b>Cash Flow</b>		
<b>Adjusted EBITDA</b>	<b>276.5</b>	291.4
Securitisation interest, SaaS and management fee	<b>(95.5)</b>	(63.3)
<b>Adjusted EBITDA post securitisation interest</b>	<b>181.0</b>	228.1
<i>Net working capital movement:</i>		
Movement in inventories	<b>6.4</b>	(9.9)
Movement in trade receivables	<b>(56.5)</b>	(46.8)
Movement in prepayments and other receivables	<b>7.5</b>	(2.6)
Movement in trade and other payables	<b>-</b>	(65.1)
Movement in securitisation facility	<b>50.1</b>	52.5
<b>Net working capital movement (post securitisation funding)</b>	<b>7.5</b>	(71.9)
Capital expenditure	<b>(60.1)</b>	(39.0)
<b>Adjusted free cash flow</b>	<b>128.4</b>	117.2
Increase in bond amounts	<b>-</b>	25.0
Bond refinancing costs	<b>-</b>	(21.0)
Dividend paid	<b>(15.0)</b>	(25.0)
<b>Free cash flow (post refinancing and dividends)</b>	<b>113.4</b>	96.2
Interest paid (excluding securitisation interest)	<b>(51.7)</b>	(46.3)
Income taxes (paid) / received	<b>(0.8)</b>	(1.4)
Cash impact of exceptional items	<b>(28.6)</b>	(38.6)
Management fees	<b>(7.5)</b>	(7.2)
Cash paid to parent company	<b>(5.0)</b>	(5.0)
(Repayments of) / draw downs from finance leases	<b>(11.5)</b>	(11.6)
(Repayments of) / draw downs of bank loans	<b>(7.1)</b>	(5.9)
Movement in revolving credit facility	<b>(5.0)</b>	(14.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3.8)</b>	(34.7)

## COSTS AND EARNINGS

We have delivered Group gross profit of £760.3m in FY23 (FY22: £776.7m), which represents a robust gross margin rate of 35.4% (FY22: 36.2%). Our decision to strategically invest in pricing to ensure our customers have access to the products they need at a price that is right for them resulted in a decline in gross margin of 0.8%, but was a key factor driving record NPS and market share gains. We have also invested in promotional activity to ensure we remain competitive in a market that has been promotion heavy in the past year, particularly in fashion. The benefit of this can be seen in the performance of Toys, Gifts and Beauty, which was a key focus for us over the peak season, and in our growing Very customer numbers and debtor book.

Effective cost control is a long-established competency of the Group and is a key aspect of our economic value model. Despite the heightened inflationary environment, we have only seen a slight increase in costs as a percentage of revenue of 0.8%pts.

We have delivered resilient, positive earnings with adjusted EBITDA of £276.5m in FY23 (FY22: £291.4m). The movement year-on-year is a result of the gross margin decline of 0.8%pts year-on-year, which entirely reflects the gross margin position and the approach we are taking to invest in our proposition. Our adjusted EBITDA

## RECONCILIATION OF BAD DEBT CHARGE TO PROVISION MOVEMENT

	FY23 £ m	FY22 £ m
<b>Charge</b>	<b>101.2</b>	99.2
Written off bad debt recovered	<b>24.2</b>	21.0
VAT reclaimed	<b>23.6</b>	17.0
Bad debt overlay	<b>-</b>	5.0
In year write offs	<b>1.9</b>	-
<b>Provision movement</b>	<b>150.9</b>	142.2

margin remains the same as it was in FY20, despite the high inflationary environment we are currently in, showing the resilience of our business.

## TAX

The loss after tax of £(3.9)m (FY22: £50.8m) includes a tax charge of £8.5m, reflecting current tax of £1.3m and deferred tax of £7.2m. Cash tax of £0.8m was paid in the year.

## FINANCIAL POSITION

Net assets were £177.4m (FY22: £194.6m) with key movements set out below.

Our closing inventory is down on last year by £6.4m. As a business, we continue to focus on inventory and working capital management. Trade and other payables have increased by 4% to £537.9m (FY22: £517.6m).

The strong performance of Very Pay has seen trade debtors (across current and non-current) increase to £2,197.0m (FY22: £2,144.0m) due to our growing debtor book (see Very Finance section earlier). Accompanying this, securitisation borrowings have also increased to £1,491.8m (FY22: £1,441.7m).

The securitisation borrowings figure includes £21.6m (FY22: £23.9m) relating to the balance sheet receivables of Shop Direct Ireland Limited. During the period, the UK securitisation facility was extended to January 2026 for the 'AS' and 'AJ' notes, with the 'B', 'C1' and 'C2' notes extended to January 2027 following the year end. The UK securitisation has a total facility size of £1,585.0m. The Ireland facility was also extended in the year and has a total maximum commitment of €35.0m, which expires in July 2026.

## PENSIONS

The Group operates a defined contribution pension scheme for all employees: the Shop Direct Group Personal Pension Plan. The pension cost charge for the period represents contributions payable in the period by the Group to the scheme and amounted to £8.1m (2022: £8.0m), with £0.6m (2022: £0.6m) outstanding at the end of the period.





## A RESILIENT PERFORMANCE

## Financial review (continued)

During the year a buy-out of the Littlewoods Pension Scheme was completed. Individual annuities were issued to the departing pensioner members under the terms of the contracts with the insurers. As such, the related liability has been removed from the Group's balance sheet. More details can be found in note 24 of the accounts.

## CASH FLOW

This year we saw a strong adjusted free cash inflow of £128.4m (FY22: £117.2m), which leads to free cash flow post dividend and bond refinancing of £113.4m. This has generated net cash and cash equivalents of £39.6m (FY22: £43.4m).

On a statutory cash flow basis, we saw a significant reduction in cash outflow, which stood at £(3.8)m (FY22: £(34.7)m). This reflects our focus on working capital optimisation. A reconciliation to underlying cash flow is shown in the table on page 21.

## CAPITAL INVESTMENT

Capital additions for the year totalled £61.7m (FY22: £38.0m) across a number of business-as-usual and strategic investments.

Last year, we started our biggest ever tech transformation project and that development has continued in FY23. This year we have invested £12m into our new Skyscape platform, which will allow us to step-change our digital customer experience on our website and app.

This also includes development of our new Fuse design system, which brings a cleaner and more modern interface on our customer journey.

Last year we introduced our Flexible Fulfilment Model, and this year we have continued to expand this, investing £6m and bringing the total to 10 brands. This means we can expand our product offering to customers and provide greater choice.

We have also made enhancements to our contact centre processes, investing £3m in Salesforce, a fully cloud-based customer service solution.



Read more about our technology developments this year on pages 13 and 14





ADAPTING TO A CHANGING WORLD

# Risk management and principal risks

We have continued to develop and enhance The Very Group's Enterprise Risk Management (ERM) Framework to ensure we remain well placed to adapt to the challenges of a changing world.

The Very Group continues to see the benefit of its ERM approach. In FY23, the programme has supported effective decision-making and helped maintain resilient results through a period of economic uncertainty.

## LINES OF DEFENCE

### THIRD LINE OF DEFENCE

Internal audit teams

### SECOND LINE OF DEFENCE

The Group Risk Team reporting into:

TVG BOARD

AUDIT AND RISK COMMITTEE

GROUP EXECUTIVE COMMITTEE

SUBSIDIARY BOARDS AND COMMITTEES

### FIRST LINE OF DEFENCE

Day-to-day risk management by business areas

Top down

## RISK GOVERNANCE

The Very Group Board has responsibility for risk management. Responsibility for assessing the identification, prioritisation, and appropriate mitigation of risks, as well as the ERM framework, is delegated to the Audit and Risk Committee.

Accountability for the risk management of the entities authorised by the FCA remains within those entities.

The Group manages risk consistently across all business areas through the ERM programme. This forms the first line of its 'three lines of defence' model, which is underpinned with an integrated approach to assurance.

The model is owned by the Chief Risk and Legal Officer and driven by the Group Risk Team, who form the second line of defence and challenge the business in respect of risk management activity, whilst providing insight and assurance to the Board and its committees. Moreover, specific areas of risk are owned by Executive team members, who are supported in turn by the Chief Risk and Legal Officer and the Group Risk Team.

The third line consists of internal audit activity, which provides independent assurance over risk management activities.

## RISK STRATEGY AND CULTURE

We have a forward-looking strategy for how we manage risk. This strategy is a core component of our ERM framework.

Our strategy for risk management is to:

- Ensure that the risk philosophy and culture of the Group are understood and embedded at all levels.
- Proactively monitor the level of inherent and residual risk against our stated appetite and business objectives.
- Continually develop the ERM framework so that it remains valid for the Group's current and anticipated future state.
- Capture all new risks as they evolve, whether through new business initiatives, or changing market or regulatory conditions, and ensure that they are adequately measured and appropriately mitigated by the Group's policies and procedures.
- Ensure that growth and change are managed through a clearly defined expansion and integration plan.

To deliver our strategy we have set the following business-wide risk objectives:

- Maintain a risk profile that supports the delivery of planned revenue and quality earnings growth while limiting earnings volatility.

- Ensure that as we grow the business, we maintain our strong control infrastructure.
- Ensure that we have the resources and skills to deliver the business plan.
- Ensure that our reputation is that of a trusted brand, market participant, and business partner.
- Enhance our relationship with regulators through an embedded, effective risk and compliance culture throughout the business.

Supporting and overseeing the business and, in particular, Executive team members, in the adoption of risk strategy and the meeting of risk objectives are core functions of the Group Risk Team.







ADAPTING TO A CHANGING WORLD

# Risk management and principal risks (continued)

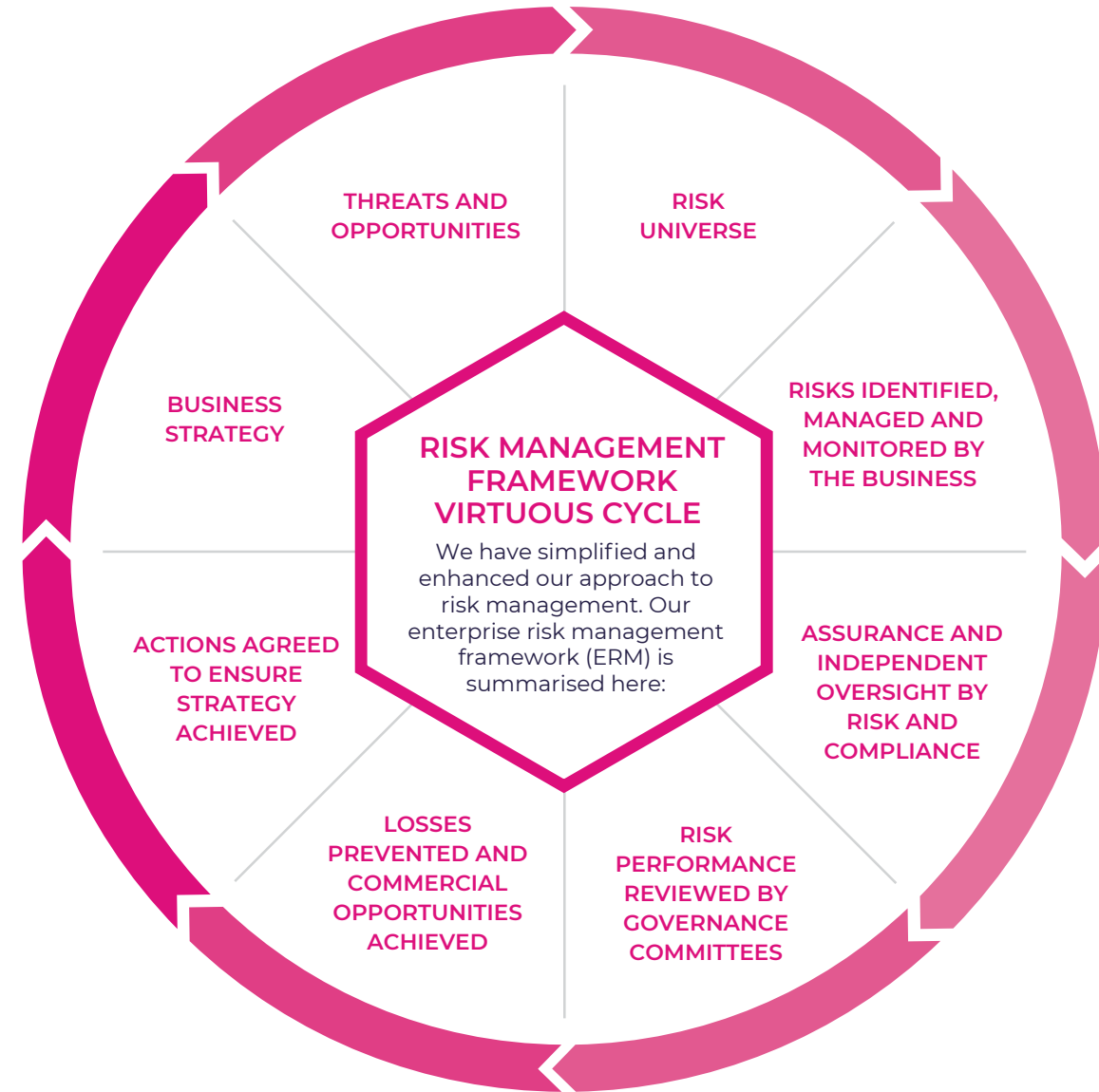
A dedicated suite of key risk indicators (KRIs), underpinned by a portfolio of metrics, facilitate effective monitoring. The Group Risk Team supports each business area to define and implement appropriate risk governance activities as part of ongoing change and initiative implementation.

### PRINCIPAL RISKS

Principal risks are the key risks to the business and its ability to deliver on its strategy. The Very Group articulates its appetite in the context of the principal risks, and all lower-level risk activity feeds up into these top-level risks.

### CHANGES TO OUR RISK PROFILE SINCE LAST YEAR

The inflationary environment and their impacts on our customers and our business create market uncertainty. However, The Very Group's business model has shown resilience throughout these and historic periods of market and economic stress, and as such our risk profile remains largely in line with FY22.







## ADAPTING TO A CHANGING WORLD

# Risk management and principal risks

(continued)



Increased



No change



Decreased

PRINCIPAL RISK	KEY RISK DIMENSIONS	HOW WE MANAGE IT	EXEC OWNER	CHANGES SINCE LAST YEAR
<p><b>POLITICAL AND ECONOMIC</b></p> <p>The risk posed by changes to specific macroeconomic conditions or geopolitical factors which may in turn impact our ability to trade or adversely affect customer behaviour.</p>	<ul style="list-style-type: none"> <li>Inadequate strategic planning</li> <li>Rise in unemployment, cost of living, or interest rates</li> <li>Change in consumer habits</li> <li>Political instability or policy change</li> <li>Civil or social unrest in the UK or offshore locations</li> <li>Non-competitive financial services, retail, or customer experience proposition</li> </ul>	<ul style="list-style-type: none"> <li>We continue to monitor key macroeconomic indicators and geopolitical uncertainties to ensure appropriate sensitivities are used for forecasting and risk management purposes.</li> <li>Sales and bad debt are significant risks resulting from the cost of living crisis. To manage the sales risk, we have continued to invest in technology to improve customer experience and remove unnecessary friction in the customer journey. In addition, we maintained our investment in price and assortment. Concerning bad debt, we continue to benefit from our mature approach to credit decisioning and bad debt forecasting. This has ensured the early identification of key indicators with the greatest propensity to impact our customer demographic and driven appropriate changes to credit cut offs.</li> <li>We are enhancing our overall approach to stress testing with the aim to utilise adaptive models within the business to test and ensure resilience.</li> </ul>	Lionel Desclée, Group CEO	<p> The economic environment within the UK has been dominated in FY23 by the cost of living crisis. These challenges have subsequently impacted consumer confidence and overall behaviours, with consumers increasingly seeking value and flexibility when purchasing.</p> <p>Competition within the retail flexible payments sector has intensified during the year, with various financial services firms and traditional retail businesses focusing on providing consumers with increased payment options. A key emerging marketplace risk remains the expected introduction of big tech firms into the Buy Now Pay Later (BNPL) sector, heightening the competition further.</p> <p>The business continues to analyse the external environment with a suite of forward-looking indicators in place to identify potential threats to the delivery of strategy.</p>
<p><b>FINANCIAL AND LIQUIDITY</b></p> <p>The risk we are unable to meet our obligations as they fall due or are adversely hit by market rate or price movements.</p>	<ul style="list-style-type: none"> <li>Insufficient liquidity to meet contractual obligations</li> <li>Financial misstatement</li> <li>Inadequate financial control</li> <li>Currency exchange rate fluctuation</li> </ul>	<ul style="list-style-type: none"> <li>We have continued with a disciplined approach to managing cost and the impact on working capital, with a key focus on making the most prudent decisions concerning capital investment.</li> <li>We undertake regular and robust testing of liquidity to ensure sufficient levels are available to meet all financial obligations as they fall due.</li> <li>We undertake regular monitoring and reporting of key metrics, undertaking a detailed quarterly review to ensure an 18-month forward looking view is maintained. This includes the undertaking and analysis of key stress and reverse stress testing.</li> <li>Adverse changes in currency rates are mitigated to acceptable levels through appropriate hedging.</li> <li>We maintain strong relationships with our securitisation banks and have a rolling three-year funding programme.</li> <li>In September 2023 The Group concluded an extension of the long-standing securitisation programme.</li> </ul>	Ben Fletcher, Chief Finance and Transformation Officer	<p> The Group continues to evidence a strong year-on-year financial position, driven by interest income performance, growth in the debtor book, and lower bad debt.</p> <p>The financial and liquidity risk has increased due to the cost of funding for the Group increasing in FY23, particularly in relation to the securitisation facility, which is linked to the Sterling Overnight Index Average rate (SONIA). These increases will be partially offset by an increase in Very customer APR, and managed via continued focus on investment-led growth, effective working capital management, and considered cost reduction.</p> <p>Liquidity is carefully controlled by the Treasury function and reviewed at Executive Committee level. It is further monitored and governed via the Treasury Committee, which was introduced in FY23, with a first meeting held in Q3. It will provide greater exposure clarity in times of interest rate rises and heightened costs of securitisation.</p>



## ADAPTING TO A CHANGING WORLD

## Risk management and principal risks

(continued)



Increased



No change



Decreased

PRINCIPAL RISK	KEY RISK DIMENSIONS	HOW WE MANAGE IT	EXEC OWNER	CHANGES SINCE LAST YEAR
<p><b>CREDIT</b></p> <p>The risk of loss caused by the failure of a customer to meet their contractual obligations and repay their borrowings.</p>	<ul style="list-style-type: none"> <li>■ Sustained non-repayment of balances</li> <li>■ Failure to optimise credit returns</li> <li>■ Inability to predict asset behaviour</li> </ul>	<ul style="list-style-type: none"> <li>■ We consistently monitor our models and the associated sensitivities in the underlying stress tests to ensure we are able to adapt to a changing macroeconomic environment.</li> <li>■ Through an enhanced-outcome, data-led monitoring programme we are able to make risk-informed decisions.</li> <li>■ Taking an outcome-driven approach we ensure that credit is not granted to over-indebted customers, with evidence of ability to repay mandatory for new and existing customers.</li> </ul>	Tommy Jordan, CEO of Very Finance	<p> The performance of our debtor portfolio has remained stable despite the current economic climate. However, we remain cautious in this regard. We have continued to ensure appropriate measures are taken to monitor the impact to our customer base of the current high levels of inflation. Whilst our debtor book has performed well, we consider the risk to have increased due to the worsening macroeconomic environment, including increased interest rates and the ongoing cost of living crisis. Ongoing analysis, including in relation to root causes, continues in relation to high levels of credit lending complaints received by the company in FY23. Steps are being taken to manage volumes and the situation is being monitored closely.</p>
<p><b>REGULATORY</b></p> <p>The risk that our culture, behaviour, or actions lead to a failure to comply with regulators, or cause detriment to customers or the markets.</p>	<ul style="list-style-type: none"> <li>■ Improper conduct and/or culture</li> <li>■ Negligent breach of legislative or regulatory requirements</li> <li>■ Business model impaired by regulatory or legislative change</li> </ul>	<ul style="list-style-type: none"> <li>■ We have an established policy framework underpinned by documented business standards which set out the regulatory requirements and the expectations of the Board.</li> <li>■ A comprehensive control programme is in place that sits across all three lines of defence.</li> <li>■ A comprehensive compliance testing programme is in place, with thematic and outcome-specific testing being undertaken by the Group Compliance team.</li> <li>■ Controls established to mitigate regulatory risk are also tested through the ongoing testing and scenario analysis undertaken by the Group Risk Team.</li> <li>■ We maintain a live view of changes to regulatory requirements and expectations with a view to ensure that the business is well informed.</li> <li>■ We seek to maintain a positive and open relationship with key regulatory bodies, including the ICO, OfCOM, the Financial Conduct Authority, and government departments such as the BEIS.</li> </ul>	Nick McBrien, Chief Risk and Legal Officer	<p> The regulatory landscape has remained stable throughout the financial year, with the business acting to introduce any required enhancements arising from the FCA's key Consumer Duty initiative. The business continues to ensure robust monitoring of products and services is in place to identify, manage and remediate any potential customer detriment. There has continued to be an increased focus on customers impacted by the cost of living crisis. The business was singled out for praise by the Finance and Leasing Association in relation to its approach to managing financially vulnerable customers and continues to ensure forbearance is provided to all customers. All engagement with regulators during the year has remained positive, with no changes to the business model or to the level of supervision.</p>





## ADAPTING TO A CHANGING WORLD

# Risk management and principal risks

(continued)



Increased



No change



Decreased

PRINCIPAL RISK	KEY RISK DIMENSIONS	HOW WE MANAGE IT	EXEC OWNER	CHANGES SINCE LAST YEAR
<p><b>OPERATIONAL</b></p> <p>Losses or disruption resulting from inadequate or failed processes, people and systems or from external events.</p>	<ul style="list-style-type: none"> <li>Technology infrastructure failure</li> <li>Third-party failure</li> <li>Breach of customer or business data</li> <li>Key change initiative failure</li> <li>Internal or external fraud</li> <li>Sustained loss of sites or resource, or supply chain disruption</li> <li>Inability to attract or retain top talent</li> <li>Sustained or widespread low morale</li> <li>Key business data unavailable or inaccurate</li> </ul>	<ul style="list-style-type: none"> <li>Our committee structure ensures that risks are identified, challenged, treated and escalated appropriately.</li> <li>We have specific bodies that have been established to oversee, support and challenge the business in respect of technology and data-related risks.</li> <li>Within the technology function, risk and issues are monitored in real time by the Technology Risk team managed by the Technology Director.</li> <li>Change delivery risk has also been a key focus this year with the change risk framework having been enhanced significantly and embedded through the Enterprise-wide Project Management Office.</li> <li>We have robust business continuity plans in place, and these along with the ongoing readiness testing are supported by an award-winning firm of external advisers. We continue to build resilience within our business and test this through scenario and stress testing conducted on a risk-based approach.</li> <li>We maintain and test the resilience and security of our infrastructure, including through the supply chain and any activities that are undertaken by third parties. Supply chain risk has been a key area of focus over the previous year, due in part to the heightened risk and materialisation of industrial action across parts of the sector. We have managed and mitigated this risk by forward-looking intelligence and ensuing appropriate impact mitigation plans have been in place.</li> <li>In respect of our own distribution estate, stress testing has been used effectively to mitigate risk particularly in respect of our peak flow testing ahead of the Christmas period.</li> <li>We maintain proactive strategies to mitigate people risk. Attracting and retaining talent has continued to be a key focus as the impacts of post covid normalisation have continued to be felt in the market. Our approach to benchmarking and the utilisation of innovative solutions to managing resource needs has proven effective.</li> </ul>	Sean Hallows, Chief Operating Officer	<p> Operational exposure has been driven by the heightened threat of cyber incidents in the UK following the war in Ukraine. The business continues to operate industry-leading tools to mitigate threats whilst ensuring guidance from the National Cyber Security Centre is reviewed and actioned where necessary.</p> <p>The competitive recruitment market has created challenges from a resource perspective throughout the year, with the business acting to respond appropriately to negate loss of key colleagues.</p> <p>Technology infrastructure and the supply chain have remained resilient throughout the year with all disruption minimised to acceptable levels.</p> <p>Any weaknesses identified in the Group's internal control systems are reported to the Audit Committee and corrective actions agreed. General IT control findings during the audit process have been noted and any necessary remediation will be undertaken.</p>



ADAPTING TO A CHANGING WORLD

Risk management and principal risks

(continued)



Increased



No change



Decreased

PRINCIPAL RISK	KEY RISK DIMENSIONS	HOW WE MANAGE IT	EXEC OWNER	CHANGES SINCE LAST YEAR
<p><b>ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)</b></p> <p>An environmental, social, or governance event, or condition that, if it occurs, could cause a negative impact on the value of the business.</p>	<ul style="list-style-type: none"> <li>■ Growing legislation and transparency requirements on business (CFD, TCFD, human rights DD, packaging tax, etc)</li> <li>■ Changing consumer expectations</li> <li>■ Inadequate CSR policies and processes</li> <li>■ Increase in adverse weather conditions, impacting, customers, operations and supply chains</li> <li>■ Failure to implement robust and independent management structures</li> <li>■ Failure to promote sustainability across business activities</li> <li>■ Inadequate diversity and inclusion policies and practices</li> </ul>	<ul style="list-style-type: none"> <li>■ We aim to ensure that an environmentally friendly business model is maintained with a culture of social responsibility.</li> <li>■ TVG are proud of our diverse and inclusive culture, which is promoted and maintained throughout all levels of seniority.</li> <li>■ We maintain a corporate governance framework which includes experienced and non-executive Board members governing the delivery of strategy.</li> <li>■ The business model maintains a sound reputation with consumers, regulators, and the general public.</li> </ul>	Nick McBrien, Chief Risk and Legal Officer	<p> In consideration of the importance to the Group, TVG has introduced an ESG Committee, which acts as a committee of the Board and is chaired by a Non-Executive Director.</p> <p>During the course of the year the ESG team changed its reporting line to that of the Chief Risk and Legal Officer in order to more closely align risk and ESG frameworks, ensuring greater focus on ESG risk throughout the business.</p> <p>The Very Group published its first Climate-Related Financial Disclosures report.</p> <p>The Very Group set an ambition to be Net Zero by 2040 and in 2023, submitted science-based carbon reduction targets for validation to the Science Based Targets Initiative.</p> <p>The business is particularly focusing on risk relating to Green Claims to ensure continued compliance with legislative requirements and also human rights risks, with a Human Rights Saliency Assessment under way to enable a focused and impactful social strategy</p>

MANAGING RISK IN THE FUTURE

Concerning the ERM framework, we are aware of the continuing headwinds in the retail sector and that our customers face and will continue to review our approach to risk management and enhance it as appropriate; this will include reviewing our risk categories aligned to our strategic planning process, with regular reviews through our Executive Committee.

Over the next financial year, we anticipate our key risks will likely be consistent with those that we have managed in FY23:

- The ongoing cost of living crisis and its impact on customer spending and payments.
- The effect of high-interest rates.
- Increase in competition both in financial services and retail.
- Cyber risk.

As with this financial year, we are well placed to assess and appropriately manage these risks through disciplined operational management and the risk management routines that are embedded within our strategic planning.







HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

# Sustainability

## INTRODUCTION

In FY23, we have refreshed our ESG agenda. In line with our purpose, we want to be a retailer that supports families for generations to come and be known for playing a positive role in society. The Intergovernmental Panel on Climate Change (IPCC) has described the 10 years to 2030 as the key decade of action, and many of the UN's Sustainable Development Goals (SDGs)\* anchor to 2030.

We have built a strategy with 2030 in mind, anchoring many of our goals to this date. These 2030 objectives will in turn provide us with the footing to achieve longer-term goals such as being net zero by 2040. Given the nature of our business, our biggest opportunities for impact arise through our product journey, from the sourcing of materials used to the processes employed in bringing items to our customers. Our 2030 environmental and social strategy focuses on understanding our supply chain and identifying the opportunities to improve from both an environmental and social standpoint.

\* The UN SDGs are 17 objectives that aim to address key sustainability-related challenges facing the planet. The relevant SDGs are signposted in each section of this report and a summary of our progress against these can be found on page 41.

The strategy and initiatives detailed in this report are just the beginning of our ambition to make good choices for the future of the planet. As we develop our framework and infrastructure, and engage our stakeholders, we believe we will play an increasingly important role in making the lives of customers, and those who help us serve them, safer and more sustainable.

## OUR ESG COMMITTEE AND GOVERNANCE

In FY23, we established our ESG Committee as a formal committee of the Board. It ensures sustainability is at the heart of business decisions and has led to a review of how ESG is governed by the business. For more information about the ESG Committee and ESG governance, please refer to page 66.

## ESG RISK

An ESG risk register, which includes climate-related risks, is maintained as part of the enterprise risk management process, and supports the strategy and decisions of the ESG committee. More details can be found on page 66.

Our assessment in April 2023, conducted alongside external consultancy Datamaran, highlighted the following as priority issues for the business:

- Climate change
- Human rights
- GHG emissions
- Transparency
- Labour practices
- Transition to renewables
- Energy management
- Customer practices
- Responsible consumption and production

These risks, which underpin the recognition of ESG more widely as a principal risk, were considered in the development of our 2030 strategy. Our understanding of the impact of climate change on the business has been furthered through our work to support our Climate-Related Financial Disclosures (CFDs) this year.





HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

# Sustainability (continued)

## OUR ESG STRATEGY

2030: HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

### ENVIRONMENT

Play our role in mitigating climate change and protecting the world's natural resources

#### CLIMATE CHANGE & NATURAL RESOURCES

##### NET ZERO BY 2040

###### Scope 1 & 2 Science-based target

Reduce absolute Scope 1 & 2 GHG emissions 42% by FY2030 against a FY21 baseline, subject to SBTi validation

###### Scope 3 SBT

Reduce absolute Scope 3 GHG emissions from Purchased Goods & Services, Capital Goods and Logistics 25% by FY2030\*

##### Water

Reduce Water Footprint of Textiles by 30% by 2030

\* Against a FY21 Baseline

### PRODUCT

Ensure our products have less negative impact\*\* on people and the environment

#### RESPONSIBLE SOURCING

##### TEXTILES 2030

Reduce our textile carbon footprint by 50% by 2030

##### MATERIALS

80% of our textile raw materials to be lower impact by 2027

100% Timber in our furniture to be FSC or PEFC by 2025

##### THIRD-PARTY BRANDS

Top 50% of third-party brands will set science-based targets by 2030

##### CIRCULARITY

In FY24, promoting re-use partners for furniture and textiles to encourage donations

In FY24, deliver training for clothing retail teams in design for recyclability and durability

As part of our Textiles 2030 commitments, we will work to develop and implement a circular business model such as Resale, Repair or Rental into our retail offer by 2030

##### DEFORESTATION

Committed to Zero Deforestation by 2025

\*\* Defined as products manufactured with materials and/or raw material production and/or processes that have a reduced negative environmental impact compared to conventional alternatives.

### SOCIAL

Protect the human rights of people throughout our business and supply chain

#### HUMAN RIGHTS

##### TRANSPARENCY

Map tiers 1 – 3 by 2025

##### FINANCIAL LITERACY

Launch Financial Literacy Training in five key communities by 2024

##### HUMAN RIGHTS STRATEGY

Develop a human rights strategy in response to our Human Rights Saliency Assessment by June 2024

## GOVERNANCE

- 'Making it happen in the right way' with strong policy, controls and due diligence underpinning our strategy.
- We have an ESG Board Committee supported by business-wide defence model architecture to ensure standards, policies and commitments are met.
- We report transparently and make disclosures that reflect our reality and are compliant to regulation.



HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

Sustainability (continued)



Environment

GOAL

Play our role in mitigating climate change and protect the world's natural resources.

RELEVANT UN SDGS



TARGETS	TARGET DATE	PROGRESS SO FAR
SBT Scope 1 and 2 – Reduce absolute Scope 1 & 2 GHG emissions by 42%*	2030	Consolidation of our sites, which saw the closure of one unit that used 49% of our total natural gas
SBT Scope 3 – Reduce absolute Scope 3 GHG emissions from Purchased Goods & Services, Capital Goods, and Logistics by 25%*	2030	Focused on improving our data to understand carbon reduction opportunities
Be Net Zero**	2040	As above, we focused on improving our data to understand carbon reduction opportunities
Reduce our textile water footprint by 30%	2030	Calculated our water footprint for our textile product. We also saved 1.9bn litres of water through increasing use of BCI cotton

TACKLING CLIMATE CHANGE

Awareness of climate change has continued to grow, fuelled by record-breaking global temperatures. It poses real risks to our business, such as through the physical impacts threatening the stability of our operations in vulnerable locations, and our ability to access the materials that go into our products. And for that reason, it also threatens our ability to fulfil our purpose and serve our customers. We are supporting the UK's 2050 net zero target and have committed to the BRC Climate Action Roadmap.

Our first taskforce on climate-related financial disclosures report is included below and aims to bring more clarity to how climate change may impact our business.

NET ZERO

Our footprint

As an online-only retailer, over 99% of our emissions are from Scope 3, with the majority associated with purchased goods and services. Our total Scope 3 footprint includes own brand and third-party products sold across our platforms.

In partnership with external consultants, we have submitted our near-term and long-term science-based targets to the SBTi for approval.

Carbon emissions and science-based targets

To achieve our net zero commitment, we are in the process of establishing a science-backed, clearly defined pathway to reducing our emissions and as a starting point, have this year calculated our total business carbon footprint for our baseline financial year 2021 and for financial year 2022.

Science-based target accuracy and methodology

To reduce our emissions by 90% by 2040, being the SBTi requirement for the Net Zero standard, we need to be able to measure them, and our ability to do this is continuously improving as our data quality matures. Our FY22 footprint has been calculated using data from our software platform, Greenstone, which utilises emissions factors from EcoInvent, and the UK Government's 2022 Conversion Factors.

\* Baseline year for all SBTs is FY21, pending SBTi Approval.
\*\* Defined as a 90% reduction in emissions, as per the SBTi standard







HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

Sustainability (continued)

Scope 1 and 2

The data maturity of Scope 1 and 2 improved as new mechanisms were introduced during the reporting period across our facilities to capture data. Other changes included the consolidation of our sites, which saw the closure of one unit that used 49% of our total natural gas demand. We also acquired a distribution centre in Wrexham, which does not use natural gas. Increases in the number of colleagues working on-site following the pandemic increased electricity usage and business travel.

Scope 3

We are exploring ways to mature the data insight of our scope 3 emissions and seek carbon reduction opportunities. We have worked with Textiles 2030 and their carbon calculator to understand the carbon emissions impacts of our textile products, one of our largest sources of emissions, and model possible pathways to reduction by 2030.

We have also undertaken a pilot to access emissions data from a selection of our tier 1 suppliers. While data among tier 1 suppliers is limited, our scheme introduces emissions reporting and gives them tools to work out their footprints. This collaboration should facilitate a reduction of their emissions and, in turn, our own emissions.

As our data improves and stakeholder engagement increases, it is likely that our emissions will fluctuate in the short term. However, improved data will better equip us to focus our decarbonisation efforts and remain on track to be a net zero organisation by 2040.

TCFD

Taskforce on Climate-Related Financial Disclosures (TCFD)

We are pleased to present our first TCFD report, and look forward to developing our approach in future years. This will allow us to consider climate change in more of the decisions we take across our value chain.

Our disclosures comply with the UK-mandated Climate-related Financial Disclosure provisions under sections 414C, 414CA and 414CB of the Companies Act 2006. However, we have voluntarily aligned our disclosures to the structure envisioned under the TCFD regime, allowing for better comparability to many other businesses already reporting under this framework.



Please see the Non-Financial and Sustainability Information Statement on page 48 for more details on how the disclosures align.

SCOPE DEFINITION

SCOPE 1

Direct GHG emissions from sources that are owned or controlled by the company, such as those from combustion in owned or controlled boilers, furnaces, vehicles, etc.; and emissions from chemical production in owned or controlled process equipment.

SCOPE 2

Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.

SCOPE 3

Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by The Very Group, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.



HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

Sustainability (continued)

TCFD – Governance

Last year, we established our ESG Committee to ensure sustainability was at the heart of key business decisions. The ESG Committee has been effective in spotlighting the importance of the topic and has led to a full review of how ESG is governed by the business.

To provide the ESG function with the rigor, support and alignment it needs to be effective, it has been promoted to a tier 1 committee of the Board, chaired by Non-Executive Director Mark McMenemy. The ESG Committee has ultimate responsibility for ESG matters, including risks and opportunities related to climate change. The Chief Risk and Legal Officer is accountable for the delivery of the Company's ESG programme, with responsibility for delivery of specific ESG matters delegated to appropriate leaders who attend the ESG Steering Committee. The ESG Steering Committee comprises leaders across all areas of the business and allows specific ESG and climate-related issues to be addressed in different parts of our value chain.

You can read more about our ESG Committee and the work done on page 66.

TCFD – Strategy

Working with external consultants and in conjunction with our risk management processes (see page 61), we have performed a review of our value chain to identify the key risks and opportunities relating to climate change, as well as opportunities to strengthen our resilience.

In doing so, we have undertaken scenario analysis of our risks and opportunities to better understand how our business may be impacted by climate change under different circumstances. As we develop our climate change strategy, we will look to extend these scenario analyses to include more detailed quantitative assessments of financial impacts.

Our scenario analysis uses the Network for Greening the Financial System (NGFS) framework, which is TCFD-recommended. This analysis was undertaken through the second half of FY23, and we intend to review the scenarios and assessment each year as part of our broader ESG progress review. We will undertake a full scenario analysis exercise every three years, unless our annual reviews identify a need to do this sooner.

NET ZERO 2050

1.5°C

aligned to representative concentration pathway (RCP) 2.6, this envisages sharp changes towards decarbonising all aspects of the economy from today, and therefore is expected to exacerbate transitional risks and mitigate physical risks.

DELAYED TRANSITION

2°C

aligned to RCP 4.5, this envisages change towards decarbonisation from 2030 onwards, meaning heightened physical risks and transitional risks owing to the more aggressive nature of changes.

CURRENT POLICIES

3°C

aligned to RCP 8.5, this envisages a scenario wherein only current policies continue to apply and there is reduced support to mitigate the effects of climate change. This heightens the impact of physical risks whilst minimising the impact of transitional risks.

For our scenario analysis, we have used timeframes and materiality definitions that align to those used in our wider risk management and ESG initiatives, allowing for better integration of the CFD findings into our broader strategy. Our timeframes used are:





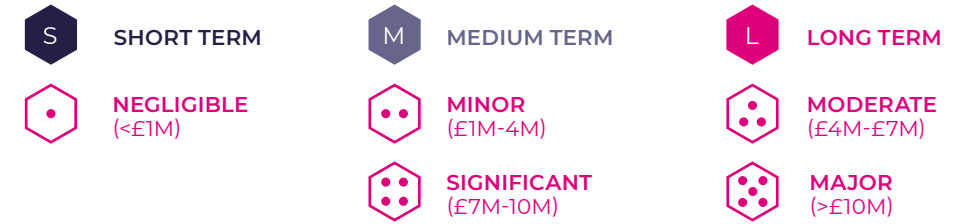
## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

## Sustainability (continued)

## Transitional Risks

Relating to the transition to a low carbon economy.

In considering materiality, stakeholders from the relevant business area for each risk considered the potential impact in the context of the financial thresholds across, again being those from the wider risk management framework:



RISKS DESCRIPTION	SCENARIO IMPACT	MITIGATION STRATEGIES	TIME FRAME AND MATERIALITY
Increased carbon pricing and policy could create additional direct costs for The Very Group, as well as indirectly through additional costs passed on by suppliers.	<p>The risk would be heightened in scenarios with enhanced policy and intervention, namely the Net Zero 2050 and delayed transition scenarios.</p> <p>The majority of the business' carbon usage is through third parties (scope 3). Being policy driven, the impact may vary in different countries and therefore the impact could vary across suppliers and non-UK operations.</p>	<p>Shifting towards green energy across operations.</p> <p>Improving energy efficiency across sites.</p> <p>Working with suppliers to understand energy usage and decarbonisation initiatives in the supply chain.</p>	<p>S M</p> <p>NEGLIGIBLE MODERATE</p>
New and more robust reporting requirements would increase costs through increased data management and processing needs, as well as increased time and resources to ensure compliance, including relating to suppliers.	The risk would be heightened in scenarios with enhanced policy in the UK where reporting operations are undertaken, but particularly a delayed transition scenario due to an accelerated timetable for implementation of policy.	<p>Enhanced governance over ESG matters.</p> <p>Horizon scanning for incoming regulations.</p>	<p>M L</p> <p>NEGLIGIBLE</p>
Volatile energy prices and reduced security in energy supply could increase operational costs.	<p>The risk can manifest under all scenarios, albeit over different timescales.</p> <p>Head office and supply chain costs would be impacted, with the latter being the more material exposure and potentially varying across countries depending on how local regulations are implemented and passed onto the Group.</p>	<p>Shifting towards green energy across operations.</p> <p>Improving energy efficiency across sites.</p> <p>Working with suppliers to understand energy usage and decarbonisation initiatives in the supply chain.</p> <p>SBTi to reduce scope 1 and 2 emissions by 2030.</p>	<p>S M</p> <p>(Net Zero 2050 / delayed transition)</p> <p>L</p> <p>(Current Policies)</p> <p>NEGLIGIBLE</p>
Increased cost of raw materials impacts business profitability if absorbed and reduces competitiveness if passed on to customers.	Most likely to manifest through regulation and restrictions on carbon-heavy materials in the supply chain, under a Net Zero 2050 or delayed transition scenario.	<p>Increase recycled content in products.</p> <p>Develop circularity programmes.</p>	<p>S L</p> <p>(Net Zero 2050)</p> <p>M L</p> <p>(delayed transition)</p> <p>NEGLIGIBLE MODERATE</p>
Reputational impact from failing to demonstrate adherence to climate-related commitments, potentially reducing sales.	A Net Zero 2050 or delayed transition scenario would exacerbate this risk due to increased policy and regulation on climate-related matters. The impact would arise in the primary markets of the Group, being the UK and Ireland.	<p>Enhanced governance over ESG matters.</p> <p>Horizon scanning for incoming regulations.</p>	<p>M L</p> <p>NEGLIGIBLE</p>





## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

**Sustainability** (continued)**Physical Risks**

Relating to the physical impacts of climate change



SHORT TERM



MEDIUM TERM



LONG TERM

NEGLIGIBLE  
(<£1M)MINOR  
(£1M-4M)MODERATE  
(£4M-£7M)SIGNIFICANT  
(£7M-10M)MAJOR  
(>£10M)

RISKS DESCRIPTION	SCENARIO IMPACT	MITIGATION STRATEGIES	TIME FRAME AND MATERIALITY
Extreme weather events, such as flooding, storms and wildfires, could cause physical asset damage, disrupting operations and creating additional costs. This is most likely to occur in the supply chain owing to the location of The Very Group's own operations.	<p>The impact of the risk is expected to grow with the changing climate and therefore is most pronounced in a Current Policies scenario over time.</p> <p>The impact is expected to be more relevant in the Group's non-UK operations, particularly India and China, owing to their heightened risk rating for warming, flooding, cyclones and drought.</p>	<p>Mapping supply chain to tier 5 by 2030 to identify areas of exposure.</p> <p>Relocate sites of production whilst affected sites recover. Consider dual sources of supply.</p> <p>Consider country of origin of suppliers and potential climate impact within sourcing strategy.</p>	
Droughts and changing weather patterns may lead to increased costs of raw materials, which would reduce profitability if absorbed, or reduce competitiveness if passed on to customers.	<p>The impact of the risk is expected to grow with the changing climate and therefore is most pronounced in a Current Policies scenario over time.</p> <p>Sourcing locations in South East Asia are of particular note owing to the region's susceptibility to extreme weather events.</p>	Mapping supply chain to tier 5 by 2030 to identify areas of exposure.	
OPPORTUNITY	SCENARIO IMPACT	MANAGEMENT STRATEGIES	TIME FRAME AND MATERIALITY
Transitioning to renewable energy sources can reduce emissions and costs.	The opportunity would be more pronounced in the delayed transition and Net Zero 2050 scenarios owing to the rising carbon prices envisaged in these cases.	<p>Shifting towards green energy across operations.</p> <p>Improving energy efficiency across sites.</p> <p>Working with Jeanologia on reducing energy consumption in own brand denim production.</p>	
Increased cross-sector collaboration leading to new business opportunities.	Increasing pressures on change in the delayed transition and Net Zero 2050 scenarios would lead to greater needs for business to collaborate, with the impact growing over time.	<p>Participating in wider initiatives such as those delivered by the British Retail Consortium (BRC) to promote cross-business collaboration.</p> <p>Developing circular economy strategies.</p>	
Building increased understanding and transparency of the supply chain, allowing the business to identify at-risk areas and build supply chain resilience.	Resilience in the supply chain would be particularly valuable in the Current Policies scenario, owing to heightened physical impacts of climate change causing disruption in the supply chain. Supply chain disruption has already been seen in the industry, and will become more likely and more impactful over time.	<p>Ambition to map supply chain to tier 5 by 2030.</p> <p>Commitment to the Transparency Pledge and partnership with Open Apparel Registry.</p>	



## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

## Sustainability (continued)

**Risk summary**

The nature of our business means we are particularly exposed to transition risks. Meanwhile, the key opportunities for our business are also transitional in nature. Our industry has already begun addressing these short-term, policy-driven risks, but to effectively mitigate our risks we need a strategy that positions us to quickly respond to future policy and regulatory developments. Whilst our strategy focuses on readying the business for these emerging risks, we will continue to monitor the landscape. We will review the impact of climate-related risks and opportunities to ensure business decisions and our strategy address such threats.

**TCFD – Risk management**

As noted, climate-related risks are monitored and managed as part of our wider ESG risk register. This forms part of our business-wide enterprise risk management process, reflecting the recognition of ESG and climate change as a principal risk for The Very Group. More details can be found on page 28.

Climate-related risks are identified by considering the outputs of our materiality assessment conducted in conjunction with Datamaran (see page 29), as well as through work undertaken with external consultants Carbon Intelligence, part of Accenture. This work leveraged insight from senior subject matter experts across the business, allowing us to assess risks in all aspects of the value chain. These will be monitored on an ongoing basis for relevance, with the outputs reflected in our strategy accordingly, having already been considered in the development of our 2030 strategy presented in this year's report.

Climate-related risks, as with all ESG risks, are the ultimate responsibility of the Board, supported by the ESG Committee and discharged to specific executives across the business where relevant, allowing for specialised focus.

**TCFD – Metrics and targets**

We use several metrics to monitor progress in developing our climate strategy and our broader ESG strategy, and managing the risks and opportunities faced by our business. Focusing on climate change, our ambition is to be net zero by 2040, with the aim to have reduced scope 1, 2 and 3 emissions by 2030. Such ambitions particularly address the risks we have identified that are associated with carbon pricing and regulation. Our targets and progress in this area are discussed in this environment subsection.

Our wider targets focusing on supply chain transparency and product impact can be found further in the report. Progress against these targets will help mitigate our exposure to risks associated with the supply chain, including raw material costs and physical disruption to non-UK operations.

GREENHOUSE GAS (GHG) EMISSIONS	FY22 TONNES CO <sub>2</sub> E	FY21 TONNES CO <sub>2</sub> E
Scope 1	690	1,765
Scope 2 (market-based data*)	692	623
Scope 3	873,589	1,007,666
<b>TOTAL CARBON</b>	<b>874,971</b>	<b>1,010,054</b>

Note – FY22 and FY21 figures used as the latest available data.

\* Market-based scope 2 emissions are those calculated based on a specific purchase contract or agreement for energy

**WATER**

The pressures on water supply are higher than ever. We have committed to understand our impact on water whilst reducing our usage.

Our biggest area of water consumption is via our purchased goods and services, particularly the processing of materials such as fabric dyeing and washing, within Scope 3.

As part of our WRAP Textiles 2030 commitment, we have calculated our water footprint for our textile product, which was 13,504,751 M<sup>3</sup> in FY22, compared with 18,773,466 M<sup>3</sup> in FY21. In accordance with our Textiles 2030 commitments, through our material sourcing decisions we will reduce our textile water footprint by 30%.

One way in which we are able to save water is through increasing our use of BCI Cotton, which you can read more about in the Product section of this report.

**BIODIVERSITY****PARTNERING WITH NORTH WALES WILDLIFE TRUST**

Biodiversity is key to the future of our business, particularly when it comes to raw material extraction for timber and cotton, as well as protecting its impact on human rights. We have taken steps to minimise our impact on nature by partnering with the North Wales Wildlife Trust for the greater protection of the endangered Great Crested Newt population, which were found in the ponds close to our Wrexham distribution centre.



## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

## Sustainability (continued)



## Product

## GOAL

Ensure our products have less negative impact on people and the environment.

## RELEVANT UN SDGS



TARGETS	TARGET DATE	PROGRESS SO FAR
Reduce our textile carbon footprint by 50%	2030	Average consumption of 73% Better Cotton since 2020
80% of our textile raw materials to be lower impact*	2027	Average consumption of 73% Better Cotton since 2020
100% Timber in our furniture to be FSC or PEFC	2025	30% FSC in our furniture
Top 50% of third-party brands will set science-based targets	2030	Mapping the progress of our third-party brands in setting science-based targets
Promote re-use partners for furniture and textiles to encourage donations	2024	Emmaus is available to customers to donate furniture
Deliver training for clothing retail teams in design for recyclability and durability	2024	We intend to progress this in FY24
Work to develop and implement a circular business model such as Resale, Repair or Rental into our retail offer	2030	To begin progressing in future years
Committed to Zero Deforestation	2025	30% FSC in our furniture

\* Lower impact product is manufactured with materials and/or raw material production and/or processes that have a reduced negative environmental impact compared to conventional alternatives.

## LOWER IMPACT PRODUCT

Our biggest impact on the environment and people is from the products we sell, which we estimate represents 59% of our carbon footprint. We are committed to reducing our product footprint and as such, we are signatory to WRAP's Textiles 2030 commitments, which will see us reduce the carbon footprint of our textiles by 50% by 2030 and the water footprint of our textiles by 30% by 2030.

Approximately 30% of our carbon footprint comes from third-party brands, and we are working to understand how we can align our strategy to their efforts in reducing GHG emissions.

## LOWER IMPACT COTTON

We have been improving the impact of our product for several years. In 2019, we joined the Better Cotton Initiative\* with the aim to use 100% more sustainable Cotton by 2025. As of March 2023 we have:

- An average consumption of 73% Better Cotton since 2020.
- Saved an estimated 1,922,986,251 litres of water thanks to our sourcing of Better Cotton.
- Avoided an estimated 1,223 kg of pesticides thanks to our sourcing of Better Cotton.

- Better Cotton farmers benefited from an estimated 836,386 EUR additional profit\*\* thanks to our sourcing of Better Cotton.

## LOWER IMPACT DENIM

Through our partnership with denim technology specialist Jeanologia, 100% of our own brand denim will be low impact by 2025. Currently 74% of our own brand denim is scored on the Jeanologia platform, of which 53% is low impact.

## CIRCULARITY

To meet our environmental and product ambitions, we are in the process of understanding what a shift to circular practices means for The Very Group. Through our work with WRAP,

we know there are three key areas we need to consider on this journey and have already begun to address:

- Circular development – considering design and materials
- Circular production – considering processes and systems
- Circular lifecycle – considering repair, reuse and recycling

\* Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.'  
 \*\* Better Cotton Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser).





HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

## Sustainability (continued)

### CIRCULAR DEVELOPMENT

Last year, sustainable product training was made available to all retail colleagues. By June 2024, we aim to provide product development colleagues with training on circular design principles.

We also continue to explore the complex nature of garment durability and how it influences opportunities for circular fashion, setting new standards for durability in the industry through our partnership with Textiles 2030 and the Leeds Institute of Textiles.

### CIRCULAR PRODUCTION

Through Reverse Resources, software that enables textiles waste to be directed to recyclers in a transparent and measurable way, two of our suppliers in Bangladesh were able to segregate and mechanically recycle 32 tonnes of cotton textile waste, feeding it back into future textiles. In FY24, we aim to expand the project with partners in India.

### CIRCULAR LIFECYCLE

According to WRAP, each year the UK discards 350,000 tonnes of quality, wearable clothes to landfill.

In FY24, we took the first step in our commitment to increasing the longevity of our product by releasing our textiles care & repair guidelines, helping customers get the most out of their homeware and clothing items.

In FY24, we will relaunch our customer take-back services for second hand clothing to reduce fashion items being sent to landfill. Furthermore, we continue to partner with take-back charity Emmaus for furniture, and with Arrow XL for electricals. Arrow XL has recycled and repurposed 5,815 used beds and mattresses, as well as recycled parts from 23,423 electrical items on behalf of The Very Group and our customers.

### DEFORESTATION

Forests help to regulate the climate, and we have made a commitment to protect the world's forests by aiming for zero deforestation in our supply chain by 2025. Timber is a key raw material and alongside our commitment to 100% FSC or PEFC timber in our Furniture by 2025, we want to ensure that our timber, viscose and other forest derived materials are verified as deforestation free.





## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

## Sustainability (continued)



## Social

## GOAL

Protect the human rights of people throughout our business and supply chain.

## RELEVANT UN SDGS



TARGETS	TARGET DATE	PROGRESS SO FAR
Map tiers 1 – 3	2025	Tier 1 is fully mapped Tier 2 is partially mapped Tier 3 is partially mapped
Map to tier 5 of our supply chain	2030	Focus on tiers 1 – 3
Deliver financial literacy training in five key communities	2024	Delivered in four key communities in Bangladesh, India, China and UK
Develop a human rights strategy in response by our Human Rights Saliency Assessment	2024	Saliency assessment is under way

Respecting the rights of people at all stages of our value chain is a priority for The Very Group. At tier 1 and tier 2 of our supply chain we work with 1,200 factories across 22 countries. We therefore ensure our approach to respecting human rights is aligned to internationally recognised standards, including the UN Guiding Principles for Business and Human Rights, the International Labour Organisation Fundamental Principles and Rights at Work, and the Ethical Trading Initiative Base code.

Through due diligence we seek to prevent and, where necessary, remediate human rights abuses where identified. This year we began a human rights saliency assessment to understand our greatest risks. Over the course of the next year we will continue to develop our human rights strategy to enhance its impact.

## TRANSPARENCY

The complexity of supply chains means it can be difficult to be certain as to how and where products are made, but we are committed to building full transparency from tiers 1 to 5 of our supply chain.

We currently publish our factory list on the Open Supply Hub, covering our tier 1 and 2 suppliers, and intend to begin mapping tier 3 in FY24. We aim to have mapped our full supply chain by 2030.

## FACTORY AUDITS

Our policy is for all tier 1 factories to have an ethical audit annually, with procedures in place to manage adherence. These audits are conducted on a semi or unannounced basis by either our in-house ethical auditing team or third parties.

To address the risk to workers beyond tier 1, we will expand our audit programme into tier 2 of our supply chain, as well as implement enhanced

remediation frameworks for issues detected. We will also map tier 3 of our supply chain and disclose it on the Open Supply Hub.

## TRAINING, EDUCATION AND ACCESS TO WORK

Supporting workers goes beyond protecting their rights at work. Over the past year we have supported more than 6,000 workers globally through several projects.

## BANGLADESH

In 2022, we launched a new programme with the Centre for the Rehabilitation of the Paralysed, offering training and rehabilitation for people with disabilities. This programme will help 30 people gain employment in garment factories when they would have otherwise faced challenges in seeking employment.

We also launched our WELIT (Worker Empowerment and Livelihood Improvement Training) programme in Bangladesh. It aims to empower female

workers by improving their livelihood and working environment. The training curriculum covers health, financial management, and empowerment through improved social dialogue. We have delivered this programme to four of our key suppliers in the region, reaching 3,775 workers, and we will continue to reach even more over the coming 12 months.

## CHINA

We partnered with local Chinese consultancy, Inno, to run their Women Empowerment programme in three key factories. The programme provides a series of courses to improve skills that help address common challenges women face in factories, particularly the balance between family, career and personal development needs. Workers from each factory will learn to train the rest of the workplace. The programme has so far reached 800 people.



## HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

**Sustainability** (continued)**INDIA**

In India, we partnered with Vidhya Shakti, which provides digital libraries, giving workers access to training on employment, gender equality, and health and safety. Three suppliers' factories, with nearly 1,500 people, over 65% of whom are women, have received access to 1,500 ebooks and videos in both English and their regional language. Over the next year we will continue to provide essential resources, and expand into new modules covering women's empowerment and financial literacy.

We have also continued our project tackling the endemic issues facing migrants, women and girls in the South Indian textile industry. In partnership with Next, Warner and Ralph Lauren we have six community centres available to workers in five districts providing support and service to workers seeking professional and personal support.

**UK**

We have continued to support the Fashion Workers Advice Bureau Leicester (FAB-L), which is a community run initiative funded in partnership with trade unions and other brands sourcing in the region.

Through two Community Outreach and Engagement workers, FAB-L has supported more than 100 garment workers in a variety of issues from inadequate housing to workplace rights.

Closer to home, we worked with We Are Futures to develop a schools programme to educate young people on the importance of good financial knowledge, specifically the benefits and risks of different forms of credit. The programme used a mix of classroom learning, scenario-based challenges, and homework, enabling children to involve their families.

**RESPONSE TO THE WAR IN UKRAINE**

We took a proactive approach to preventing the risk of refugee exploitation as people left Ukraine and entered key sourcing regions of The Very Group. We developed labour rights and human rights guidance via the Just Good Work app for use by Ukrainians fleeing to nearby Poland and Romania for refuge. Between 1 July 2022 and 30 April 2023, 1,300 people used the Just Good Work app, with 46% of them Ukrainian. 78% of users were male, with many accessing the app from Ukraine. We will continue to

monitor the situation in Poland and Romania with our suppliers and offer guidance and support as they seek to offer employment to Ukrainians.

**MODERN SLAVERY STATEMENT**

At The Very Group, we are fully committed to taking action to combat modern slavery and human trafficking within our business and our supply chains.



Our modern slavery and human trafficking policy is available to download at our corporate website.













HELPING FAMILIES GET MORE OUT OF LIFE, FOR GENERATIONS TO COME

Sustainability (continued)

OUR CONTRIBUTION TO THE UN SDGS

As noted within each area of our sustainability report, our goals and ambitions also align with a number of UN SDGs. Below is a summary of our contributions:

 <p><b>ENSURE HEALTHY LIVES AND PROMOTE WELLBEING</b></p> <ul style="list-style-type: none"> <li>Our South India Mill project trains and raises awareness of reproductive and nutritional health for young women.</li> <li>Our programme, WELIT Bangladesh, focuses on health awareness through one of the training modules.</li> <li>Through our partnership with Jeanologia, we are removing harmful chemicals from our denim production process, which has a positive impact on worker health.</li> <li>In October 2022, a new internal Menopause awareness guide was launched, providing employees with all the necessary information to help understand symptoms of the menopause and how it can impact day-to-day life.</li> </ul>	 <p><b>ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS</b></p> <ul style="list-style-type: none"> <li>Our training programmes across our factories in China and Bangladesh continue to have a positive impact, providing women with essential skills to empower them and improve their work life by helping to address common challenges that they face.</li> <li>We are committed to the UN Women's Empowerment Principles and ensure that we embed these principles within our outreach programmes in our supply chain.</li> <li>We also engage with the Global Female Leader programme across our operations in the UK and Ireland. This programme is designed to provide a series of experiences and learning opportunities to support career progression for women in the retail industry.</li> </ul>	 <p><b>PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL</b></p> <ul style="list-style-type: none"> <li>The development of our ethical audit programme will further support the identification and remediation of issues within factories.</li> <li>A new Modern Slavery training module relaunched for all TVG colleagues, including agency employees at our warehouses.</li> </ul>
 <p><b>REDUCE INEQUALITY IN AND AMONG COUNTRIES</b></p> <ul style="list-style-type: none"> <li>Many of our projects have included financial literacy training, particularly in China, India and Bangladesh. The training has positively impacted workers and the surrounding communities.</li> <li>Our partnership with We Are Futures in the UK focuses on financial literacy training for schoolchildren, particularly the benefits and risks of credit.</li> <li>Our social dialogue training in Turkey, Bangladesh, India and China has benefited workers by encouraging two-way dialogue within factories.</li> <li>The FAB-L project in the UK has seen an increase in the number of garment workers speaking up about their grievances as they become more empowered.</li> </ul>	 <p><b>ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS</b></p> <ul style="list-style-type: none"> <li>We have committed to be net zero and submitted our science-based targets.</li> <li>We are a signatory to Textiles 2030 and are committed to reducing the impact of our textile products.</li> <li>Through our partnership with Jeanologia, we are reducing water consumption within the production of own brand denim.</li> </ul>	 <p><b>TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS</b></p> <ul style="list-style-type: none"> <li>Commitment to net-zero, submitted SBTs</li> <li>UNGC reporting, BRC roadmap to net zero</li> <li>The launch of a new internal Sustainability Hub provides employees at The Very Group with the latest updates on ESG, as well as featuring a Learning Zone where employees can further their knowledge.</li> </ul>



CREATING VALUE

# Stakeholder engagement and section 172

## OUR APPROACH

### TRAINING

The Board believes that a deep understanding of the priorities of the Group's stakeholders is critical to ensuring long-term success and maximising value in our business. Each of the Directors is aware of their duties in relation to s172.

### INFORMATION

Our Board directly and indirectly engages with stakeholders. See pages 43 and 44.

The Board considers the quality of information it has received and seeks assurance where appropriate.

### STRATEGIC DISCUSSIONS

s172 factors are considered in the Board's discussions on strategy, including how they underpin the Group's long-term success.

The Group's open and honest culture helps ensure there is proper consideration of the impact of Board decisions on our stakeholders.

### DECISION-MAKING

Outcomes of Board decisions are assessed and further engagement with stakeholders is undertaken where appropriate.

As a result of the Board's engagement, the necessary actions are taken.

## SECTION 172 STATEMENT

The Directors have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have given regard, amongst other matters, to the following considerations in the decisions taken during the financial period ended 1 July 2023:

- The likely consequences of any decision in the long-term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and environment
- The desirability for high standards of business conduct
- The need to act fairly between members of the Company

The Board has a duty under Section 172 of the Companies Act 2006 to promote the success of the Company and, in doing so, must take account of the effect on stakeholders of how it manages the business of the Company, whether these stakeholders are from within the Company, in its group, or outside the Company and its group. Throughout the year, the Board has kept in mind these responsibilities as it has supervised and monitored the business activities and prospects of the Company and as it has considered, and, where appropriate, made decisions relating to strategic aspects of the Company's affairs.

When a particular matter falls for review by the Board, it first seeks to identify those stakeholders which are likely to be impacted by the decision of the Board, and then the Board discusses the respective interests of those stakeholders as well as the consistency (or otherwise) of the relevant proposal with the Board's existing, or any proposed change(s) to its strategic plan. The examples on the following pages show how the Board has considered the stakeholders likely to be affected by the outcome of some of the key decisions made during the year.



CREATING VALUE

Stakeholder engagement and section 172 (continued)

OUR STAKEHOLDERS



CUSTOMERS

WHY THEY MATTER TO US

Our customers are at the heart of our business. We have been serving families for over 100 years and today, we help 4.4m customers get more out of life.

WHAT MATTERS TO THEM

- A simple and convenient online shopping experience.
- A comprehensive assortment of well-priced products, with strong availability.
- Flexible ways to pay that put customers in control of their budgets.
- Seamless delivery and returns processes.
- Confidence that Very acts ethically and sustainably when sourcing products.

HOW MEMBERS OF THE BOARD HAVE ENGAGED

- Through a wide range of research and analysis, our customer team ensures that the Board and Executive Committee are close to our customers. Our net promoter score is reported to the Board monthly.
- The Board and Executive Committee has continued to be kept apprised of, and made key investment decisions relating to, pricing investments and our tech acceleration programme, which will significantly improve the digital customer experience for customers
- The Board and Executive Committee spent considerable time developing the company's strategy, as well as its operating model, which will have a notable customer experience impact in the medium- to long-term.
- The Executive Committee reviewed and approved the introduction of a new customer delivery proposition.



COLLEAGUES

WHY THEY MATTER TO US

The Board recognises the vital importance of the Group's employees, their abilities, and dedication to the long-term success of the business.

WHAT MATTERS TO THEM

- Feeling valued and well rewarded.
- Being part of a diverse and inclusive workplace that allows them to develop and thrive.
- Being able to freely share their views.
- Having a safe and engaging working environment.
- Understanding the Group's strategic direction and their place within it.

HOW MEMBERS OF THE BOARD HAVE ENGAGED

- The Executive Directors kept colleagues updated on corporate and individual business objectives, trading performance, and market conditions through a variety of communications media, including regular site visits and head office 'balcony' briefings, which include the opportunity for live Q&A.
- During FY23, colleague engagement was measured through our Pulse survey, with the results reviewed at every level of the organisation and included in reporting to the Executive Committee and Board. More information can be found in the People and Culture section on pages 15-17.
- The Board was central in the decision to refine our ways of working during FY23. Recognising the value of in-person collaboration, we have moved to a flexible 3:2 day hybrid model for office-based colleagues.
- As well as meeting with all our colleague networks, our CEO has become the sponsor of our race network, highlighting the strategic importance of diversity and inclusion at Board-level.



COMMUNITIES AND THE ENVIRONMENT

WHY THEY MATTER TO US

We aim to have a positive impact in our communities, promoting responsible, sustainable growth, supporting inclusion, and developing opportunities.

WHAT MATTERS TO THEM

- Creation of employment and career opportunities in the communities where we are based.
- Focus on sustainability and ethical business.
- Management of climate change risks and impact.
- Diverse and inclusive approach that mirrors the local community.
- Delivering a meaningful social impact.

HOW MEMBERS OF THE BOARD HAVE ENGAGED

- Our sustainability strategy addresses our impact on society and the environment, and is allied with the United Nations' Sustainable Development Goals.
- The Group has refocused its 2030 ESG Commitments, which can be viewed in the ESG section on page 66.
- The Board recognises the importance of climate-related financial disclosure. As such, we have reported against the UK Climate-related Financial Disclosures (CFD) framework in FY23.
- The Group has made the ESG Committee a formal subcommittee of the Board, appointing Mark McMenemy as Chair.





## CREATING VALUE

## Stakeholder engagement and section 172 (continued)

## OUR STAKEHOLDERS



## SUPPLIERS

## WHY THEY MATTER TO US

Our ongoing success depends on suppliers being able to operate efficiently and effectively. Supplier relationship management is a key discipline across the business to ensure the best mutual outcomes.

## WHAT MATTERS TO THEM

- A long-term and collaborative relationship with The Very Group.
- Transparency and communication.
- Working together to provide great products to our customers, building volume and achieving shared strategic goals.
- Working collectively to minimise the environmental impact of production and transportation.

## HOW MEMBERS OF THE BOARD HAVE ENGAGED

- During FY23, Executive Directors led a strategic partner conference, where they presented the company's plans and strategy to circa 150 representatives of our key suppliers, as well as listened to their feedback on their relationship with the Group.
- As part of the company's strategy, which was approved by The Board, we have a clear focus on flexible fulfilment, which will benefit our suppliers, and we launched our 'partner of choice' programme. This has already resulted in improvements to the supplier experience based on our partners' feedback, including trialling a new insight portal for simpler feedback and a new product set-up process.
- Through our supplier relationship management, the Board and Executive Committee understand the importance of the Group's suppliers in achieving the Group's long-term plans. Our retail team engages with suppliers on a regular basis and key matters are shared with the Executive Committee and the Board.
- We employ a strict onboarding procedure for potential new suppliers, including ethical audits of suppliers and factories. In-country experts visit our factories regularly to offer advice and support on improving welfare standards for workers and implementing best practice.



## INVESTORS AND LENDERS

## WHY THEY MATTER TO US

Our investors comprise the Sir David Barclay and Sir Frederick Barclay Family Settlements. Our lenders comprise bondholders and external banks. Our investors and lenders are vital to our business and strategy, which is why we maintain open relationships with them.

## WHAT MATTERS TO THEM

- Responsible stewardship of the Group from a financial, strategic, governance, environmental, and ethical perspective.
- Transparency and communication.
- Sustainability and profitability.

## HOW MEMBERS OF THE BOARD HAVE ENGAGED

- The Board, which includes representatives of our shareholder, regularly engages with family shareholder members.
- The Investor Relations team engages with bondholders and investors throughout the year through quarterly reporting and accompanying conference calls, hosted by our CFO.
- We regularly update our corporate website with presentations, financial reports, press releases, and trading updates, and our Investor Relations team manages an investor mailbox.



## CREATING VALUE

## Stakeholder engagement and section 172 (continued)

PRODUCT DISCOVERY SOLUTION	COMPANY OPERATING MODEL	DEVELOPMENT OF STRATEGY	DIVERSITY AND INCLUSION
<p>As part of our tech acceleration programme, the Board approved a partnership with US-based tech platform Constructor to transform the product discovery experience on our websites and apps, including new AI-enabled search, browse and autosuggest tools.</p>	<p>The Board engaged with the development and agreement of a new customer-centric operating model. The model is now being rolled out across our business.</p>	<p>The Board and Executive Committee spent considerable time developing the company's strategy, which was subsequently rolled out to our colleagues and is detailed on pages 10 to 12.</p>	<p>The Board and Executive Committee continued to be appraised of, and engage in, our diversity and inclusion agenda, with a clear focus on embedding the five commitments approved by the Board in FY22. This included personal and collective engagement.</p>
CONSIDERATION OF S172 FACTORS			
<p><b>FOSTERING BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS, AND OTHERS</b></p> <p>This new technology will enhance the browsing experience for customers by making it easier to quickly find what they want. Moreover, it will enhance our relationship with suppliers, whose products will be even more accessible to customers.</p>	<p><b>FOSTERING BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS, AND OTHERS</b></p> <p>By changing how our teams are organised, prioritise, and work together, we aim to become a more customer-centric organisation. This will enable us to offer greater ease, choice and understanding for our customers, and provide the speed and agility to address a fast-changing marketplace.</p>	<p><b>FOSTERING BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS, AND OTHERS</b></p> <p>The refocused strategy builds on the core tenets of the Group's customer proposition, focusing on initiatives under the pillars of ease, choice and understanding. Delivering against this customer-focused agenda will help our business maintain closer customer relationships and become the best way for brands to access the families we serve.</p>	<p><b>THE INTERESTS OF THE COMPANY'S EMPLOYEES</b></p> <p>Our D&amp;I strategy has a clear focus on becoming a more inclusive workplace, where colleagues feel welcomed, represented, and valued. To support this, a new colleague D&amp;I e-learning module was introduced.</p>
<p><b>THE INTERESTS OF THE COMPANY'S EMPLOYEES</b></p> <p>Transforming our e-commerce platform, including with the use of automated tools like Constructor's solution, helps our colleagues work in a more efficient way, and focus on other elements of the customer journey.</p>	<p><b>THE INTERESTS OF THE COMPANY'S EMPLOYEES</b></p> <p>The new model has been designed to create the conditions for colleagues to thrive, including regarding development and career progression. Where applicable, specific training and education will be provided.</p>	<p><b>THE INTERESTS OF THE COMPANY'S EMPLOYEES</b></p> <p>Our strategic plan, and accompanying priorities, will provide empowerment to colleagues, helping them feel responsible for, and engaged in, their work.</p>	<p><b>HIGH STANDARDS OF BUSINESS CONDUCT</b></p> <p>We want inclusion to be at the heart of everything we do, as without it our efforts to be a more diverse business are less sustainable. Over the course of the year, we continued to hold ourselves accountable through Board sponsorship, tracking of commitments, and Executive Committee role-modelling, with two members taking part in our internal D&amp;I podcast.</p>



## CREATING VALUE

## Stakeholder engagement and section 172 (continued)

PRODUCT DISCOVERY SOLUTION	COMPANY OPERATING MODEL	DEVELOPMENT OF STRATEGY	DIVERSITY AND INCLUSION
<p><b>LONG-TERM CONSEQUENCES</b></p> <p>This partnership is a key step in modernising the technology that powers our customer experience, which will have lasting implication for the Group's competitiveness. Following search, browse and auto-suggest, in the longer term Very will roll out other elements of Constructor's interconnected solution, including its personalised 'quiz' functionality. By answering a series of questions related to their preferences, customers will be able to discover the right items for them.</p>	<p><b>LONG-TERM CONSEQUENCES</b></p> <p>The Board considered the importance of developing the way we work to optimising the long-term impact of our technology transformation. By introducing new cadence and measures in relation to how the Executive Committee and other leaders assess performance and set targets, long-term consequences are a central consideration of the operating model.</p>	<p><b>LONG-TERM CONSEQUENCES</b></p> <p>The long-term aim of the strategy is to build the foundations for an ecosystem for families, which will help the Group deliver against its purpose of helping families get more out of life. This focus on serving more family needs and wants will increase loyalty and build retention. The long-term financial and operational impacts of the strategy were carefully considered by the Board.</p>	<p><b>IMPACT ON THE COMMUNITY AND THE ENVIRONMENT</b></p> <p>Our D&amp;I approach includes commitments to shape D&amp;I in the industries in which we operate and create employment opportunities for underrepresented groups in our communities. To these ends, we extended our partnership with 'InnovateHer' to improve gender diversity in tech, and launched our second career returner programme to support people who have taken an extended career break of two or more years back into the workplace.</p>
<p><b>ACTING FAIRLY BETWEEN MEMBERS</b></p> <p>Innovations within our ecommerce platform underpins our digital-first operating model and will continue to make our business more resilient. As with all our investments, this project is supported by a financial investment case, helping to ensure sustainable value creation for stakeholders.</p>	<p><b>ACTING FAIRLY BETWEEN MEMBERS</b></p> <p>By bringing more standardisation to ways of working and decision-making across our business, we will further strengthen governance and accountability, and maintain high standards of business conduct.</p>	<p><b>ACTING FAIRLY BETWEEN MEMBERS</b></p> <p>The strategy is designed to deliver for our stakeholders, whilst making our business more resilient and sustainable. This project is supported by a well-researched financial investment case, helping to ensure sustainable value creation.</p>	<p><b>LONG-TERM CONSEQUENCES</b></p> <p>We believe that by developing a more diverse team, which is representative of the ethnic diversity of our nation and our local communities, we will create stronger, more effective teams. Engagement in this regard included reverse mentoring of members of our Executive Committee, and our CEO sponsoring the Company's colleague-led race network.</p>





## OUR REPORTING

# Non-Financial and Sustainability Information Statement

REPORTING REQUIREMENT	LOCATION	POLICIES
<b>ENVIRONMENTAL AND SOCIAL MATTERS</b>	Sustainability report – page 29 CFD disclosures – see index overleaf Risk management – page 23 ESG committee report – page 66 Stakeholder engagement and section 172 statement – page 42	Access to remedy policy Forest protection policy Migrant labour policy Reach policy Restricted substance list Timber sourcing policy Tax strategy Third-party code of business conduct and ethics Homeworking policy for supply chain Young worker and child labour policy
<b>OUR PEOPLE</b>	People and culture – page 15 Stakeholder engagement and section 172 – page 42 Remuneration and nomination committee report – page 64	Diversity and inclusion statement Health and safety policies
<b>HUMAN RIGHTS</b>	Sustainability report – page 29	Access to remedy policy Migrant labour policy Young worker and child labour policy Modern slavery statement Third-party code of business conduct and ethics Homeworking policy for supply chain Young worker and child labour policy
<b>ANTI-BRIBERY AND CORRUPTION</b>	Audit and risk committee report – page 60	Anti-bribery and corruption and conflict of interest policy
<b>RISK MANAGEMENT</b>	Risk management – page 23	Enterprise Risk Management Framework
<b>BUSINESS MODEL</b>	Page 9	N/A
<b>NON-FINANCIAL KPIS</b>	Page 18	N/A





## OUR REPORTING

## Non-Financial and Sustainability Information Statement (continued)

## CLIMATE-RELATED FINANCIAL DISCLOSURES CONTENTS

As noted in the Sustainability section of this year's Annual Report, we have aligned our disclosures under sections 414C, 414CA and 414CB of the Companies Act 2006 with the TCFD regime. The below shows how the TCFD structure and disclosures align with the CFD disclosures per section 414CB 2A (a)-(h) of the Companies Act.

PILLAR	TCFD DISCLOSURE	CFD DISCLOSURE	PAGE REFERENCE
<b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>a) Describe the Board's oversight of climate-related risks and opportunities</li> <li>b) Describe management's role in assessing and managing climate-related risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>a) Description of the company's arrangements in relation to assessing and managing climate-related risks and opportunities</li> </ul>	33
<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>a) Describe climate risks and opportunities identified by the organisation over the short, medium and long term</li> <li>b) Describe the impact of climate on the organisation's businesses, strategy and financial planning</li> <li>c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</li> </ul>	<ul style="list-style-type: none"> <li>d) Description of:               <ul style="list-style-type: none"> <li>– the principal climate-related risks and opportunities arising in connection with the company's operations,</li> <li>– the time periods by reference to which those risks and opportunities are assessed</li> </ul> </li> <li>e) Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy</li> <li>f) An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios</li> </ul>	33 to 35
<b>RISK MANAGEMENT</b>	<ul style="list-style-type: none"> <li>a) Describe the organisation's processes for identifying and assessing climate-related risks</li> <li>b) Describe the organisation's processes for managing climate-related risks</li> <li>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</li> </ul>	<ul style="list-style-type: none"> <li>b) A description of how the company identifies, assesses and manages climate-related risks and opportunities</li> <li>c) A description of how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management process</li> </ul>	36
<b>METRICS AND TARGETS</b>	<ul style="list-style-type: none"> <li>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</li> <li>b) Disclose Scope 1, 2 and 3 (if appropriate) greenhouse gas emissions and related risks</li> <li>c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets</li> </ul>	<ul style="list-style-type: none"> <li>g) A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets</li> <li>h) A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based</li> </ul>	36



## ENVIRONMENTAL IMPACT

# Streamlined energy and carbon reporting

## ORGANISATIONAL STRUCTURE

The Very Group is classified as a large unquoted company due to its size and shareholding structure.

## REPORTING PERIOD

The Very Group is reporting for the financial year ended 30 June 2023.

## REPORTING BOUNDARY

The reporting boundary for the Energy and Carbon Report is the UK-based elements of The Very Group Limited and its subsidiaries.

## DATA COMPLETENESS

All The Very Group's electricity and gas invoices have been entered into a fully managed energy database up to 30 June 2023, and data quality checks have been carried out for data completeness and accuracy. All transport information has also been entered into the energy database up to 30 June 2023.

The following figures show the consumption and associated emissions for The Very Group in FY23, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions relate to direct combustion of natural gas and fuels utilised for

transportation operations, such as company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the reporting company. For The Very Group, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

## REPORTING METHODOLOGY

The report (including the Scope 1, 2 and 3 consumption and CO<sub>2</sub>e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for the reporting period 01/07/2022 to 30/06/2023.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to The Very Group. These were calculated on a kWh/day pro-rata basis at the meter level.

For properties where The Very Group is indirectly responsible for utilities (i.e. via a landlord or service charge), the consumption was estimated based on annual billing and last known unit rate, or CIBSE floor area estimations where billing and unit rate were not known.

These full-year estimations were applied to two electricity supplies. All estimations equated to 1.20% of reported consumption.

## ENERGY AND CARBON REPORT COMMENTARY

### GASEOUS EMISSION TRENDS

We have proactively included data on refrigerant emissions as part of our commitment to transparency.

UTILITY AND SCOPE (kWh)	FY23 CONSUMPTION	FY22 CONSUMPTION
Scope 1 Total	3,765,116	4,438,963
Scope 2 Total	11,133,036	11,189,513
Scope 3 Total	400,161	168,420
<b>TOTAL</b>	<b>15,298,313</b>	<b>15,796,896</b>

UTILITY AND SCOPE (tCO <sub>2</sub> e)	FY23 CONSUMPTION	FY22 CONSUMPTION
Scope 1 Total	851.00	921.76
Scope 2 Total	2,305.37	2,163.83
Scope 3 Total	90.00	38.85
<b>TOTAL</b>	<b>3,246.37</b>	<b>3,124.44</b>

INTENSITY METRIC	FY23	FY22
tCO <sub>2</sub> e/FTE	0.95	0.87
tCO <sub>2</sub> e/£m revenue	1.51	1.45

Additionally, the reporting for the financial year 2023 now encompasses other fuels, namely LPG and Red Diesel.

## TRANSPORTATION INSIGHTS:

Our transportation metrics have witnessed a year-on-year increase from the post-COVID levels. This rise is primarily attributed to the Grey Fleet. Our reporting mechanism has undergone substantial enhancements, offering intricate insights into individual vehicle statistics.

## LANDLORD SITE DEVELOPMENTS:

Significant progress has been made in comprehending consumption patterns at leasehold sites. This has led to an improved estimation methodology based on both cost and floor area considerations.





## SUPPORTING SUSTAINABLE SUCCESS

# Chair's introduction to governance



We have a capable, committed and motivated management team, ready to deliver on our strategic objectives.”

**DIRK VAN DEN BERGHE**  
CHAIR



## OUR GOVERNANCE APPROACH

Having been appointed Non-Executive Chair in March 2022, I am pleased to offer my second report on how governance functions at The Very Group. In this section, we set out our approach to governance and the activities of the Board in FY23. On pages 42 to 46, we also describe how we adhered to matters set out in Section 172(1) of the Companies Act 2006.

Our governance processes and commitment to our purpose guide our decision-making. They help us act with integrity and engage with our employees, customers, suppliers, communities and environment appropriately and respectfully, while we work to create value for our shareholders.

Given the size, structure and stage of growth of our business, and wider market conditions, we continue to apply our own corporate governance arrangements for the year ended 1 July 2023. It is my view that this framework represents an appropriate governance approach for our business.

In our FY22 Annual Report, I wrote that we would continue to evaluate the effectiveness of the Board to ensure it continued to meet the Company's governance needs and obligations. During FY23, we chose to appoint new members to the Executive Committee, address the leadership of our formal Committees, and focus more squarely on ESG.

As noted in my Chair's review (page 4), we appointed Group CEO, Lionel Desclée, in September 2022 to lead our business through the next phase of its development, while in January 2023, Nick McBrien, the Group's Chief Risk Officer, was promoted to the Executive Committee and the newly created role of Chief Risk and Legal Officer following the departure of Charlotte Heiss. In September 2022, we appointed Richard Mayfield and Tim Franklin as Non-Executive Directors and in May 2023, Richard Mayfield was appointed Chair of our Audit and Risk Committee. This paved the way for Mark McMenemy, former Audit and Risk Committee Chair, to become Chair of our ESG Committee. Mark's wide experience and leadership will be vital in steering our ESG Committee, which became a formal sub-committee of the Board.

Meanwhile, the Board continued to address succession within both the Board and the Executive Committee, and significant work was undertaken in relation to Board effectiveness, including processes, and culture and values. These areas will remain a core focus as we endeavour to ensure sustainable success.

FY23 has served up challenging market conditions, and I am pleased that our good governance and purpose-led approach has supported robust performance. It further illustrates that we have a capable, committed, and motivated management team, ready to deliver on our strategic objectives.

**DIRK VAN DEN BERGHE**  
CHAIR  
25 OCTOBER 2023



## SUPPORTING SUSTAINABLE SUCCESS

# Corporate governance report

## PURPOSE

An effective Board lives and promotes the purpose of a company. Having created a new purpose in FY22 – helping families get more out of life – the Board worked closely with the Executive Committee in FY23 to ensure our purpose was embedded within the Company's refreshed strategy. Our purpose reflects the benefits we provide to our customers and the role we play in their lives. It exemplifies the business we are today as well as our vision for the future. We help families have the lives they deserve through our combination of famous brands, a simple digital customer experience, and our Very Pay platform, which offers flexible ways to pay. Our established values, which were revisited in FY23 to confirm their ongoing relevance to our organisation, will continue to underpin our purpose and culture.

## PEOPLE AND CULTURE

The Board understands its role in supporting a collaborative and inclusive culture, aligned with the Company's values. In turn, it tracks colleague sentiment through surveys, such as the Pulse survey undertaken in FY23. Meanwhile, the Executive Committee engages directly with colleagues through in-person and digital 'balcony briefings', which include Q&A opportunities, as well as via email and other internal digital media. For more information on the Board's commitment to Company culture, including reshaping the hybrid working approach, colleague wellbeing, and diversity and inclusion, please see our People and Culture section on pages 15 to 17. Furthermore, information on how the Board engages with colleagues can be found in the Stakeholder Engagement section on pages 42 to 46.

## FIND OUT MORE



### PEOPLE AND CULTURE

Read more on pages 15 to 17



### STAKEHOLDER ENGAGEMENT

Read more on pages 42 to 46







## SUPPORTING SUSTAINABLE SUCCESS

**Corporate governance report (continued)****OUR CORPORATE GOVERNANCE FRAMEWORK**

In order for our business to succeed and create value for society, good corporate governance is vital. During the second half of FY23, we reviewed our governance systems and Board Committee composition, following progress in FY22.

**THE BOARD**

The Board is responsible for promoting the long-term sustainable success of the Company, generating value for shareholders, while having regard to all stakeholders, and the impact of the business on the community and the environment. The Board provides leadership to the Group and is collectively responsible for overseeing strategy, performance, governance and risk.

Pages 56 to 59

**REMUNERATION AND NOMINATION COMMITTEE**

The Committee is responsible for making recommendations to the Board for the Group's remuneration structure, aligning remuneration to the long-term sustainable success of the Group. In doing so, it takes into account Group results and the broader economic environment, as well as having regard to pay throughout the business.

The Committee also ensures the appropriate mix of skills, competence and diversity of the Board and Committees.

Refer to pages 64 and 65

**AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee is responsible for ensuring the financial performance of the Group is properly prepared, reviewed and reported. Its role also includes maintaining comprehensive internal control and risk management systems to safeguard stakeholder interests.

Refer to pages 60 to 63

**ESG COMMITTEE**

Established as a formal committee of the Board in April 2023, the Committee's purpose is to ensure that the Company fulfils its responsibility to set a strategy that navigates The Very Group's environmental and social impacts, in line with the overarching purpose and ambition.

It plays a critical role in ensuring that sustainability is at the heart of key business decisions.

Refer to page 66

**EXECUTIVE COMMITTEE**

Operational responsibility for day-to-day running of the business is executed through the Group Executive Committee, which is led by the CEO and comprises highly experienced specialist executives including the Chief Finance and Transformation Officer, Chief Information Officer, Chief People Officer, CEO of Very Finance, Chief Operations Officer and Managing Director, Retail, and Chief Risk and Legal Officer.

The Executive Committee develops the Group's strategy and capital budgets for Board approval. It reviews and recommends to the Board any significant investment proposals, monitors the financial and operational performance of the Group, and allocates resources within the budgets agreed by the Board. It also considers people issues, ensures the Group has an appropriate pool of talent, and develops senior management workforce planning and succession plans.





## SUPPORTING SUSTAINABLE SUCCESS

## Corporate governance report (continued)

## DIVISION OF RESPONSIBILITIES

Our governance framework provides an understanding of roles and responsibilities, linking to policies and procedures and delegations of authority, supporting effective decision-making and independent challenge. In turn, all of this will achieve long-term value for the Group and its stakeholders. We review governance processes regularly as part of our commitment to corporate governance outlined at the beginning of this report.

Consistent with the ownership of the Group and the composition of the Board, there is in place a schedule of matters reserved that ensures the shareholders retain authority on a number of specified matters that the Board considers.

## MEETINGS

ENTITY	number of meetings held in FY23
The Board	4
Remuneration and Nomination Committee	2
Audit and Risk Committee	5
ESG Committee	1
Executive Committee	5

## RESPONSIBILITIES OF THE BOARD

## CHAIR

- Leads and ensures overall effectiveness of the Board
- Promotes a Board culture of openness and debate, and effective contribution of all Non-Executive Directors
- Coordinates the performance evaluation of the Chief Executive Officer and of individual Non-Executive Directors
- Holds meetings with and without Executive Directors present as appropriate
- Leads on all aspects of corporate governance

## CHIEF EXECUTIVE OFFICER

- Senior executive responsible for operational management of the Group
- Develops and implements the business plan and budget as approved by the Board
- Develops, prepares and implements the Group's strategy as approved by the Board
- Models and leads the Group's culture and values
- Keeps the Board fully informed of all material issues
- Responsible for employee engagement

## NON-EXECUTIVE DIRECTORS

- Challenge constructively and scrutinise, holding to account the performance of management and individual Executive Directors to agreed performance objectives
- Director appointments
- Approach to governance, processes and procedures
- Other matters reserved to the Board under the Group Delegated Authorities policy

## KEY BOARD RESERVED ACTIVITIES

## THE BOARD

- Approve corporate and strategic business plans
- Approve annual and interim results, bondholder reports, and trading updates
- Oversee the business risk management framework
- Decide on major acquisitions and disposals, as well as major capital expenditure and other significant investment decisions



## SUPPORTING SUSTAINABLE SUCCESS

## Corporate governance report (continued)

## EXECUTIVE DIRECTORS



**LIONEL DESCLÉE**  
GROUP CEO ●

**Appointed:** 19 September 2022

Lionel joined The Very Group as Chief Executive Officer in September 2022. He previously served as President and CEO of Walmart in Japan, where he led a 35,000-strong team at Seiyu, the Japanese supermarket business with a significant food, non-food and online presence through a joint venture with Rakuten. Before joining Walmart, Lionel was president and CEO of omnichannel retailer Tom & Co, which operates 180 pet care stores in continental Europe as well as an online presence. Between 2005 and 2016, Lionel held a number of senior roles at global retailer Delhaize Group, with responsibility for 750 franchised or affiliated stores in Belgium and Luxembourg, and 1,600 supermarkets in the US. Originally from Belgium, Lionel is fluent in English, French and Dutch.



**BEN FLETCHER**  
CHIEF FINANCE AND TRANSFORMATION OFFICER ○

**Appointed:** 1 September 2020

Ben leads The Very Group's finance team as it strives to create and protect the future of the business, whilst improving its capabilities and adopting new ways of working. In 2023, his remit was expanded to also include heading-up the continuing development of the business' operating model and introducing new ways of working. Ben was previously European President at Clarks Shoes, where he was responsible for investments including a new European fulfilment centre, delivering digital expansion, and increasing colleague engagement. Prior to joining Clarks Shoes, he was at Walgreens Boots Alliance for six years. As Managing Director of Boots Opticians, Ben grew the business' market share, revenue, profit and EBITDA year-on-year. Between 1999 and 2011, Ben held a series of senior finance positions at Procter & Gamble worldwide. He sits on the board of the National Literacy Trust.

**KEY**  
COMMITTEE MEMBERSHIP

● Audit and Risk Committee Chair

○ Audit and Risk Committee member

● Remuneration and Nomination Committee Chair

● Remuneration and Nomination Committee member

○ Chair ESG Committee

○ ESG Committee

## NON-EXECUTIVE DIRECTORS: CHAIR AND BOARD COMMITTEE CHAIRS



**DIRK VAN DEN BERGHE**  
NON-EXECUTIVE CHAIR ●

**Appointed:** 15 March 2022

Dirk has successfully transformed and grown some of the very best companies in ecommerce, marketplaces and payments. In his most recent executive roles with Walmart, Dirk was responsible for Walmart's business in Canada, China, India and Japan, and oversaw Walmart Global Sourcing. Prior to joining Walmart, he held a range of senior roles in Asia and Europe at global retail business Ahold-Delhaize. Dirk has longstanding experience as a member of private, family and public boards.



**RICHARD MAYFIELD**  
CHAIR OF AUDIT AND RISK COMMITTEE ○

**Appointed:** 26 September 2022

In his most recent role prior to The Very Group, between January 2021 and January 2022 Richard led Walmart Global Sourcing, a fully integrated supply chain that supports all Walmart's divisions in the United States and international markets. Prior to this between 2020 and 2021, he was Executive Vice President and Regional CEO for Walmart Mexico and Central America, Canada and the UK, with responsibility for an omnichannel business covering 4,500 stores and 600,000 associates. Between 2016 and 2019, Richard served as Executive Vice President and Chief Financial Officer for Walmart International. He joined Walmart in 2012 as CFO of its UK business, Asda, and became EMEA region CFO in 2014. Richard's experience also includes leadership roles at UK retailers Kingfisher, House of Fraser and Waitrose.



## SUPPORTING SUSTAINABLE SUCCESS

## Corporate governance report (continued)

## NON-EXECUTIVE DIRECTORS: CHAIR AND BOARD COMMITTEE CHAIRS



## JACQUI HUMPHRIES

CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE  

Appointed: 8 April 2019

Jacqui joined the Executive Committee of The Very Group in January 2009. Prior to joining The Very Group, she was the Head of HR – Retail for Marks & Spencer, responsible for 550 stores and the 70,000 people within them. During her time at The Very Group, Jacqui has performed the role of Group Director of People, leading the Group in successfully engendering a purpose and values-led culture that enables people to deliver against its world-class digital ambitions. In April 2019, Jacqui was appointed Non-Executive Director of the Group and currently chairs the Remuneration and Nomination Committee.



## MARK MCMENEMY


CHAIR OF ESG COMMITTEE  

Appointed: 8 April 2019

Mark rejoined The Very Group in 2017 after deciding to give up full time executive roles to accommodate a number of non-executive and consulting positions, being appointed Non-Executive Director on 8 April 2019. Prior to this, he held the role of Group Finance Director at The Very Group for three years from 2012. Mark has a wealth of experience across the retail sector, both in the UK and internationally, having been CFO of Clarks Shoes, Mothercare and Monsoon. Prior to these roles, he held senior finance positions at Marks & Spencer. Mark Chairs the ESG Committee, and was formerly Chair of the Audit and Risk Committee.

## KEY

## COMMITTEE MEMBERSHIP

 Audit and Risk Committee Chair Audit and Risk Committee member Remuneration and Nomination Committee Chair Remuneration and Nomination Committee member Chair ESG Committee ESG Committee

## OTHER DIRECTORS

## AIDAN BARCLAY

DIRECTOR

Appointed: 2 May 2003

## PHILIP PETERS

DIRECTOR

Appointed: 2 May 2003

## HOWARD BARCLAY

DIRECTOR

Appointed: 2 May 2003

## TIM FRANKLIN

DIRECTOR 

Appointed: 12 September 2022

## STUART WINTON

DIRECTOR

Appointed: 3 June 2013

## DAVID KERSHAW

CORPORATE FINANCE DIRECTOR 

Appointed: 22 February 2010







## SUPPORTING SUSTAINABLE SUCCESS

# Board activity in FY23

**DURING THE YEAR, THE BOARD OPERATED TO A STRATEGIC FRAMEWORK FOCUSED ON ACHIEVING SUSTAINABLE EARNINGS GROWTH.**

## FINANCIAL AND COMMERCIAL PERFORMANCE

These are reviewed at every meeting, supported by reports and presentations from the Executive Directors and members of the Executive Committee. Detailed reviews of specific business areas were provided by the relevant senior manager along with budget and strategy discussions.

## MONITORING FINANCIAL STRENGTH

Financing, cash flow, and liquidity were an area of specific focus and members of the Board approved the bondholder presentation each reporting quarter.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board received regular reports from the Audit & Risk Committee on the Company's internal control and risk management processes, using the enterprise risk management framework.

## STRATEGY AND INNOVATION

The Board dedicated significant time to evolving the strategic plan with the Executive Committee following the appointment of the CEO.

## CAPITAL EXPENDITURE

Material capital expenditure projects are subject to Board review and approval. In FY23, these focused primarily on initiatives within the Company's tech transformation programme.

## LEADERSHIP AND PEOPLE

The Board reviewed succession-planning processes and progress with support from the Chief People Officer. The Nomination Committee appointed two Non-Executive Directors.

## ESG

Received regular reports on governance and Employee Voice matters throughout the year. Took several material decisions relating to ESG matters, including establishing the ESG Committee.

## DIVERSITY AND INCLUSION

The Board monitored the Group's actions and progress against its D&I commitments, which are published in the Diversity and Inclusion report, and detailed in the People and Culture section (pages 15 to 17).





## SUPPORTING SUSTAINABLE SUCCESS

**Board activity in FY23 (continued)****OPPORTUNITY AND RISK**

The Board continuously looks for opportunities to create value, while assessing risks affecting the Group, and has in place the necessary procedures to oversee identifying and mitigating risk effectively. It reviews short-term operational and trading opportunities as part of its routine and through the weekly trading Executive Committee meetings.

The Executive Committee considers both medium- and longer-term opportunities regularly in its planning meetings, Committee meetings, and in meetings with the shareholders.

The Executive Committee agrees a capital investment plan with the Board annually, and also agrees three-year and five-year plans annually. Similarly, the Executive Committee regularly considers opportunities for generating income streams from new sources and, with Board assistance, regularly reviews its strategic objectives and market positioning to ensure we continue to meet the demands of our customers' changing behaviour and market trends.

The Board has overall responsibility for risk management. Protecting our customers, colleagues, the commercial interests of the Group, and the society we serve is central to our risk management philosophy.

The Board delegates responsibility for reviewing and challenging key risks and the risk management framework to the Audit and Risk Committee. The systems of risk management and internal control deployed are designed to reduce the risks of failure to meet business objectives, but cannot eliminate these risks altogether. Our risk management and internal controls can therefore provide only reasonable, not absolute, assurance for meeting our business objectives or against material misstatement or loss.

**INTERNAL CONTROLS**


The Group's internal controls over the financial reporting and consolidation processes are designed, under the supervision of the Chief Finance and Transformation Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group's published financial statements for external reporting purposes, in accordance with IFRS.

The processes used by the Board, either directly or, where appropriate, through the Audit and Risk Committee, to review the effectiveness of the internal control and risk management systems in relation to the financial reporting process, and the process for preparing consolidated accounts, include the following:

- A review of the external and internal audit work plans
- Consideration of reports from management and external parties, including the internal and external auditors, on the system of internal financial control and any material control weaknesses
- Discussion with management on what to do about any possible problem areas identified. In addition, the Board receives copies of minutes from all Audit and Risk Committee meetings and a verbal update from the Audit and Risk Committee Chair at each Board meeting. It receives regular written and verbal reports from management on all aspects of regulatory, operations, financial and risk management matters.

Dealing with uncertainty is at the heart of our thinking, and we take a forward-looking approach to risk management, ensuring we are well placed to identify and respond to emerging risks, as well as managing the principal and strategic risks inherent within the business.

Risks within the Group's regulated companies are managed by the boards of those entities and reported up to the Group Board in line with established reporting structures, to satisfy the relevant requirements of their regulators. Where relevant, matters are reported from those companies to the Executive Committee, the Group Board and the Group's Audit and Risk Committee.

 Please see the Risk Management and Principal Risks report on page 23 for more details of how we recognise and manage risk.

The Group uses the risk management and compliance capability of its UK regulated subsidiary in a number of key areas, including data protection, information security and business continuity. Its delegated approval levels and contract approval and authorisation process provide rigorous control, and

extensive Executive Committee and senior management oversight over commitments to expenditure, and legal and contracting risk. Internal audit provides a third line of assurance, working to an audit plan directed by the Group Audit and Risk Committee.

The Board confirms it has carried out a strict assessment of the emerging and principal risks facing the Group, and that it has monitored and reviewed the effectiveness of the Group's risk management and internal control systems in FY23.





## SUPPORTING SUSTAINABLE SUCCESS

## Board activity in FY23 (continued)

## REMUNERATION

The Board is responsible for ensuring remuneration across the Group is appropriate to support its strategy and objectives, and to attract and retain a high-quality workforce. Executive pay structures are designed to promote sustainable, long-term success, while incentivising behaviour and performance consistent with our values and leadership culture. Executive remuneration is linked to financial performance, customer outcomes and the customer experience. Remuneration is also considered in light of remuneration structures and rewards across the workforce.

Together with the Group's Remuneration and Nomination Committee, each of the Group's regulated companies has its own remuneration committee responsible for recommending to its board matters including recruitment and remuneration strategy, and reward frameworks. Compliance with regulatory obligations and expectations of senior management conduct is a key element of those frameworks.

The Group believes strongly in equal opportunities and takes a zero-tolerance approach to discrimination and victimisation, and promotes equal treatment. The Group operates a whistleblowing policy.

Total Directors' remuneration is disclosed in note 10 to the financial statements.



For further information on the role of the Group's Remuneration and Nomination Committee, please refer to page 64.

## GENDER PAY GAP REPORTING

Decisions on pay, promotion and reward are vital to attract and retain high-performing talent. The Group has complied with gender pay gap reporting requirements since 2017 and has acted to ensure we eliminate systemic bias from our processes and decision-making.

Like many organisations, our gender pay gap is not an equal pay issue. We pay our colleagues equally and fairly for the same or equivalent work, regardless of gender or any other characteristic, supported by our market-based approach to pay. As a result, the

Board is confident that any variations in pay within a range are a result of justifiable factors such as service, market or experience.

Rather, our gender pay gap is caused by having more males in higher-paid roles than females. We also see an underrepresentation of females in certain careers where the external market commands higher rates of pay whilst having fewer females in the talent pool, such as in our technology function.

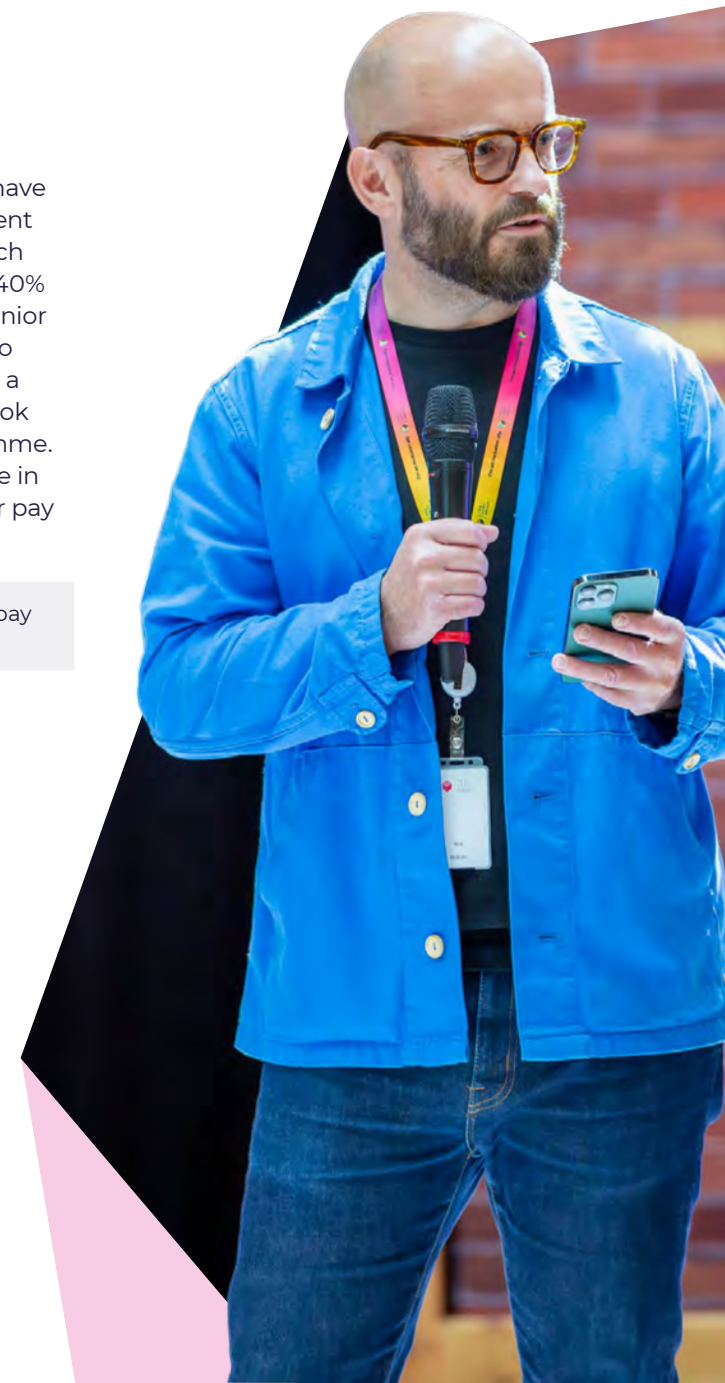
In FY22, the closures of our former fulfilment centres in the Greater Manchester area, the opening of a new purpose-built highly automated fulfilment centre in the East Midlands, and the timings around closures and recruitment into our new site impacted our gender pay gap. However, in FY23 we are now at a more stable point at which to baseline our gender pay gap figures, and start to draw year-on-year comparisons in future.

The Board and senior management recognise they must remain focused on tackling the areas that influence the gender pay gap. The Group's diversity and inclusion ambition and progress against our 2025 commitments are going some way to helping this.

We measure our commitment to have more females in senior management roles by our female/male split, which currently stands at 60% male and 40% female, and through our female senior management team voice survey. To support this commitment in FY23, a number of our colleagues undertook the Global Female Leader Programme. The Board aims to help women rise in the Group and to move the gender pay gap in the right direction.



Read more about our gender pay gap in our latest D&I report







## SUPPORTING SUSTAINABLE SUCCESS

## Board activity in FY23 (continued)

**STAKEHOLDER ENGAGEMENT**

The Board collectively, and the Directors individually, believe effective relationships with stakeholders are important to the business. Therefore, the Board is responsible for overseeing meaningful engagement with stakeholders to take account of their needs and concerns in decision-making and create value.

The Board believes that good governance and effective communication are key to achieving our purpose and protecting the Group's brands, reputation, and relationships with all stakeholders, including our customers, people, suppliers, communities, regulators, lenders and shareholder.

The Board and the Executive Committee therefore communicate frequently with our stakeholders. This includes:

- quarterly conference calls with bondholders
- regular two-way dialogue with our employees through a wide variety of in-person and digital channels
- direct customer engagement through focus groups and other channels

- surveying our suppliers through our dedicated Partner of Choice programme and hosting them at our strategic partner conference
- focusing on social dialogue, gender, inclusion, financial literacy, and sustainability training for our workers in third-party supplier factories around the world.

Further detail on our key stakeholder groups and materially significant topics is set out on pages 56 to 59. Our statement describing how the Board has had regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under Section 172 is set out on pages 42 to 46.

**SHOP DIRECT FINANCE COMPANY**

Shop Direct Finance Company (SDFC) is a company registered in England and Wales and is regulated by the Financial Conduct Authority (FCA). It is a wholly owned subsidiary of Shop Direct Group Financial Services Limited (SDGFS), which, in turn, is a wholly owned subsidiary of The Very Group Limited.

SDFC, which is primarily concerned with the provision of financial services to customers of The Very Group, is committed to maintaining high standards of corporate governance, believing that effective corporate governance is essential to establishing an open and transparent framework for delivering good outcomes to our customers. It has therefore developed a mature and robust governance structure that is appropriate for the size, complexity and risk profile of the business. The structure ensures that governance processes are transparent, with defined escalation routes to manage significant risks and processes.

The Board has established certain standing committees to which it has delegated specific powers and responsibilities. Together with the Board, these form the Tier 1 Board and committee structure as detailed below:

- The Executive Committee (ExCo) – established by the Chief Executive Officer to help manage the business in line with the strategy agreed by the Board, ensuring that strategic risks are identified and managed according to the Board's risk appetite.

- The Audit and Risk Management Committee (ARC) – oversees the risk management framework, associated appetites and risk position on behalf of the Boards. The ARC oversees this by providing assurance that material risks are identified and managed appropriately by maintaining and overseeing the application of the risk framework and risk management policies. In addition, the ARC is responsible for considering and reviewing the adequacy and effectiveness of SDFC's internal controls and integrity of the financial statements. They will recommend to the SDFC Board to sign and approve the SDFC year-end accounts and Management Representation Letter.

- The Remuneration and Nomination Committee – primarily responsible for the management and oversight of senior management (SM) remuneration, succession planning, and the appointment of new senior managers.

Among SDFC's key stakeholders is the Financial Conduct Authority, with which it has ongoing engagement on topics that the FCA would expect notification of and where SDFC would see the benefit of regulatory consultation.

**BOARD PERFORMANCE AND EVALUATION**

The performance evaluation process in FY23 involved a board effectiveness assessment undertaken using an external specialist. This involved two full-day sessions, personal commitments, and ongoing assessment of delivery against these commitments. One-to-one sessions continued throughout FY23.



## SUPPORTING SUSTAINABLE SUCCESS

# Audit and Risk Committee report



“On behalf of the Board, I am pleased to present the Audit and Risk Committee’s report for the year ended 1 July 2023.”

**RICHARD MAYFIELD**  
CHAIR OF AUDIT AND RISK COMMITTEE

## COMMITTEE CHAIR’S INTRODUCTION

On behalf of the Board, I am pleased to present the Audit and Risk Committee’s report for the year ended 1 July 2023. This report explains the Committee’s role and its work and areas of focus during the year.

I am delighted to be asked to Chair the Audit and Risk Committee given its critical role in the governance of the business. On behalf of the Committee and the Board I would also like to thank Mark McMenemy, outgoing Chair, for

his service and for the astute role he has played in chairing the Committee in recent years.

The year has been challenging again for consumers and retailers alike. The conflict in Ukraine and tight labour markets have driven high levels of inflation, with prices peaking later and falling more slowly than expected. Compounding that has been 14 interest rate hikes since the end of 2021. These continued economic challenges have put pressure on family budgets as well as on retailers’ costs of doing business. In previous challenging times, The Very Group business has proved resilient. The combination of great value products in Fashion and Home categories combined with flexible and affordable payment options has helped families through challenging times. Our record customer satisfaction scores and our financial results for FY23 again demonstrate the relevance of our offer and the quality and resilience of our business.

In our work this year, these economic challenges and their impact have been front of mind for the Committee in presenting our financial information. The role the Committee plays in assessing the integrity, fairness and accuracy of our financial information remains at the core of the work we do. Given the current economic environment, we place specific focus on key areas of accounting judgement (further outlined below and in the table on page 63) which are impacted by current economic conditions.

These judgements include our work around ‘going concern’, provisions for expected credit loss and our review of the shareholder loan.

In considering ‘going concern’, the Committee reviewed business forecasts for the next 18 months and considered fully the sensitivities set out on page 77 applied by management to reflect potential downside impacts. We reviewed a set of mitigating actions identified by the business which could be enacted to offset any significant deterioration in performance. We also considered financial performance in the early part of FY24.

Finally, the Committee considered recent press speculation around the financing of the wider group of which TVG is part. We satisfied ourselves that any such issues have no direct impact on The Very Group business or on our conclusions around the going concern assumption. We therefore concluded that the sensitivities run by management fairly reflect the downside risks of the business and that we have sufficient actions in place to manage those impacts should it be necessary.

Further discussion of the going concern considerations are given on page 63 and in note 2 on page 77. In light of recent press speculation, we also considered fully the recoverability of the £500.5m shareholder loan from Shop Direct Holdings Limited. We considered the value of TVG equity which supports the loan, the debt repayments within the

TVG group and the impacts of any potential change of control. We concluded that the full value of the loan will be entirely recoverable. Further details of our considerations are given on page 63 and in note 2 on page 77.

In recent years, we have seen increasing volatility including a pandemic, major European conflict, supply chain disruption, extreme climate events and ever-increasing impacts of technology. In this climate, the role played by the Committee in relation to risk management has never been more important. During the year, we have continued to develop our approach to Enterprise Risk Management (ERM). Led by the Chief Risk and Legal Officer, we have improved the processes for identifying the principal risks of the business, assessing their likelihood and impact, and most importantly for developing and executing appropriate mitigating actions. Each of the risk areas and mitigation plans is delegated to and managed by a member of the senior management team. The ERM framework is increasing its effectiveness and will continue to develop and mature.

Internal audit continues to be the third line of defence in the Group’s risk management. On 1 July 2023, we appointed new co-source partners (BDO) after a tender process. BDO augment and strengthen the skills of the internal audit team, particularly in relation to key areas including technology-related risks. In addition, the Committee reviewed and approved



## SUPPORTING SUSTAINABLE SUCCESS

## Audit and Risk Committee report (continued)

each quarterly internal audit plan and any subsequent material changes, ensuring these were aligned to the significant risks of the business. We reviewed the findings and recommendations of key audits and monitored the implementation of remediation plans.

It is the Committee's view that internal audit remains effective and continues to meet its agreed plans and overall aims.

Our priorities for the year ahead remain consistent with prior years and with our Committee Terms of Reference (see below). We will continue to strengthen our ERM framework and continue to strengthen internal controls across the Group. We will also be responding appropriately to audit and corporate governance reforms expected as a result of the BEIS consultation.

I would like to thank the management team at The Very Group, and all of my fellow Committee members, for their valuable contribution in FY23.

## MEMBERSHIP AND MEETINGS

During the year the Committee comprised the following members/ Non-Executive Directors:

- Richard Mayfield (Chair)
- Mark McMenemy
- Jacqui Humphries
- David Kershaw
- Tim Franklin (resigned February 2023 and replaced by Julie Nicholson)

The Company operates a Group Audit and Risk Committee, and in addition operates Audit Committees in its regulated subsidiaries (SDFC and Shop Direct Ireland). Any significant matters arising in the regulated subsidiaries are also covered in the Group Audit and Risk Committee. The Group Audit and Risk Committee held five meetings during the year. The attendance details are set out opposite:

The Committee has a wide range of experience and skills, which provide the knowledge and ability required to work as an effective committee and to challenge the Board and senior management when appropriate.

By invitation, this year's meetings were attended by external auditors, internal auditors and senior management as appropriate, including the Chief Financial Officer and Chief Risk & Legal Officer who attended every committee meeting.

## ROLE OF THE COMMITTEE

The Audit and Risk Committee is responsible for ensuring the financial performance of the Group is properly prepared, reviewed and reported. Our role also includes maintaining comprehensive internal control and risk management systems to safeguard stakeholder interests. The Committee focuses on monitoring or reviewing:

- the integrity and fairness of financial statements and narrative announcements and reporting
- The Very Group's systems of risk management and related controls and compliance
- the activities of the internal audit function, including reviewing findings and implementing them
- the effectiveness, scope, objectivity and independence of the external auditor and the appropriateness of the relationship with the external auditor, including use on non-audit work
- the effectiveness of whistleblowing arrangements

## KEY COMMITTEE MEMBERS AND MEETINGS

Member	Attendance
Richard Mayfield	5/5
Mark McMenemy	5/5
Jacqui Humphries	3/5
David Kershaw	5/5
Tim Franklin*	1/3
Julie Nicholson	2/2

\* Resigned February 2023 and replaced by Julie Nicholson

## COMMITTEE ACTIVITIES DURING 2022/23

## REVIEW OF ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Committee has reviewed, and discussed with management and the external auditor, the audited consolidated financial statements within the FY23 Annual Report. We have assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements.

We are satisfied the judgements are reasonable, and that suitable accounting policies have been adopted, correctly applied and appropriately disclosed in the accounts.

We discussed the judgemental areas per the table on page 63 and addressed them with our external auditor throughout the external audit process. The issues are deemed significant in relation to the financial statements.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board retains overall responsibility for the Group's approach to risk management. The Audit and Risk Committee is charged with reviewing regularly the overall effectiveness of risk management within the business. The Committee also works with the Chief Risk and Legal Officer to ensure that the principal risks faced by the business are identified, prioritised and that appropriate mitigation actions are planned and executed on an ongoing basis.

The Group manages risk consistently across all business areas through the Enterprise Risk Management Programme (ERM). This forms a key part of its 'three lines of defence' model, which is underpinned with an integrated approach to assurance.

The continued strengthening of the risk management framework and the associated controls and mitigating actions has continued to evolve and is reported to the Committee at each meeting.





## SUPPORTING SUSTAINABLE SUCCESS

**Audit and Risk Committee report (continued)**

Any weaknesses identified in the Group's internal control system are reported to the Committee and corrective actions agreed. General IT control findings have been noted and we are working to improve controls in this area.

You can find further details on the risk framework and approach to risk management, together with details of The Very Group's principal risks and risk assessment, on pages 23 to 28.

**INTERNAL AUDIT**

The internal audit function is led by the Group Head of internal audit and is made up of an internal team supplemented by co-source partners. During the year a tender exercise was completed and new co-source partners (BDO) were appointed on 1 July 2023. BDO augment and strengthen the skills of the internal audit team, particularly in relation to key areas including technology-related risks.

Internal audit ensured audit coverage of the key risks to the Group through a quarterly risk-based planning process. The Audit and Risk Committee reviewed and approved each quarterly internal audit plan and any subsequent material changes. We ensured the audit plan and related changes were aligned to the significant risks of the business.

During the year, internal audit performed audits on key risk areas of the business including: Very Pay regulation; technology; cyber security; financial controls, operations, retail and ESG.

During the year, the Head of Internal Audit had direct access to all Committee members, including holding monthly meetings with the Audit and Risk Committee Chairman. Both the Head of Internal Audit and senior members of the co-source partners attended Audit and Risk Committee meetings during the year and provided their reports and communicated findings and updates to the Committee. There were no restrictions placed on the scope of work to be carried out by the internal audit function or its ability to report to the Committee.

The Committee is satisfied that the internal audit function has maintained adequate resource and coverage and has continued to perform effectively during the year.

**EXTERNAL AUDITOR**

The Audit and Risk Committee is responsible for recommending to the Board the reappointment and remuneration of the external auditor, and during the year, we approved the

reappointment of Deloitte for the 2022/23 financial year. When considering whether to recommend the reappointment of the external auditor, we consider a range of aspects, including the effectiveness of the external audit and the ongoing external auditor independence.

**AUDITOR INDEPENDENCE**

Deloitte conducted its first audit of The Very Group's financial statements in 2012, following a competitive tender process. Mark Lee-Amies continues to be the Lead Audit Partner for the second year, having taken over the role for the FY22 audit cycle.

The Committee has assessed and will continue to assess, the independence, tenure, and quality of the external auditor at least once a year, in addition to requiring both oral and written confirmation of the auditor's independence. Deloitte has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence.

**NON-AUDIT SERVICES**

The Board maintains a policy regarding the provision of non-audit services by the external auditor, to ensure continued objectivity and independence of the external auditor. Further, the Audit and

Risk Committee adopts a cap on the level of fees to be spent with the incumbent audit firm on non-audit services, and all non-audit services require approval by the Audit and Risk Committee. The Group's external auditor is prohibited from providing any services that could compromise their objectivity or independence, or which would conflict with their statutory responsibilities.

During the year, Deloitte's audit fee was £1.4m and there were no non-audit fees. Further details are provided in Note 11 to the financial statements.

**EFFECTIVENESS**

The Committee is responsible for evaluating the effectiveness of the external auditors. During the year, we approved and monitored Deloitte's terms of engagement, scope of work and the process for the annual audit. The challenges raised by Deloitte over management's assumptions in key areas of judgement, and the number and nature of the accounting and control observations raised by Deloitte, have had suitably healthy debate. These debates not only provide a level of clarity and comfort for the FY23 Report and Accounts, but also guidance to aid the focus of the Committee.

The Audit and Risk Committee Chairman was in regular contact with the external audit partner during the year to discuss, amongst other things, progress of the audit, including any emerging issues and the level of errors identified during the audit.

We have reviewed feedback from the parties involved in the external audit process. Overall, the Committee has concluded that Deloitte has maintained strong challenges and scepticism throughout the audit process, and that it conducted the audit effectively.

**WHISTLEBLOWING**

The Company's whistleblowing procedures ensure all stakeholders can raise concerns confidentially about possible improprieties. They can do this by phone or online to an independently provided service.

The Committee received regular updates and can confirm that no material concerns were raised during the year.

**RICHARD MAYFIELD**  
**CHAIR OF AUDIT AND RISK COMMITTEE**  
**25 OCTOBER 2023**



## SUPPORTING SUSTAINABLE SUCCESS

**Audit and Risk Committee report (continued)**

MATTER CONSIDERED	BACKGROUND AND DETAILS
<b>1. GOING CONCERN</b>	We reviewed management's paper, scenario modelling and disclosures regarding going concern. The Committee has reviewed the sensitivity tests and the severity of these has been adjusted to reflect the cost of living crisis. We paid particular attention to the sensitivity test of management's sales and margin forecasts, along with mitigating actions available to management should a liquidity shock occur. Based on our review of cash flow forecasts, sensitivity tests and financing, we are satisfied that it is appropriate to produce the accounts on a going concern basis.
<b>2. EXPECTED CREDIT-LOSS MODEL ADJUSTMENT</b>	<p>Significant judgements are made on the provisioning of potential credit risk of customers, including impacts of the cost of living crisis and ongoing uncertain economic conditions. The net expected credit-loss provision is £216.6m at 1 July 2023 (2022: £218.6m).</p> <p>Based on detailed reports, including from external economic forecasters, and thorough discussions with management and having considered the challenges from and the work of the external auditor, we reviewed and assessed the basis and level of provisions under IFRS 9 'financial instruments' standard methodology. This included reviewing the supporting calculations and data. In the prior year, an overlay relating to the cost of living crisis was added to acknowledge the impact this was expected to have on our customers' ability to satisfy all their obligations. The decision has been taken for this provision to remain in place as at 1 July 2023, given the ongoing pressure our customers are facing. We are satisfied the judgements made are reasonable and appropriate.</p>
<b>3. VALUATION OF DOUGLAS GOODWILL</b>	<p>The carrying value of the Douglas goodwill is £97.0m (2022: £97.0m). Management has prepared a paper outlining their assessment that the goodwill is not impaired at the Balance Sheet date. We have assessed the appropriateness of the assumptions made in the value in use calculation, which can be found on page 93.</p> <p>The value of the goodwill is supported by predicted future cash flows, notably from a new monthly insurance product that launched in July 2023. Having reviewed management's paper, the early results from the launch of the monthly product and considered the challenge from the external audit, we have concluded the assumptions used for predicting the future cash flows, including discount rates, are reasonable and therefore the goodwill is supportable.</p>
<b>4. REVENUE RECOGNITION</b>	We assessed management's analysis of revenue recognition under IFRS 15, in particular the valuation of the early settlement accrual, and have concluded that it has been properly recorded in the period in accordance with accounting standards.
<b>5. CLASSIFICATION OF EXCEPTIONAL COSTS</b>	<p>The exceptional costs incurred in the period to 1 July 2023 were £26.5m (2022: £41.5m).</p> <p>Management has prepared a paper outlining their assessment of the nature of these costs and the rationale for them being presented separately as exceptional. Having reviewed the paper and supporting rationale, we conclude that the treatment of these costs is appropriate. We will keep the classification of exceptional costs under review.</p>
<b>6. AMOUNTS OWED BY PARENT COMPANY</b>	The carrying value of amounts owed by the parent company is £500.5m (2022: £495.5m). Management has prepared a paper supporting the recoverability of the loan. The loan will be eliminated in the future via a potential sale of The Very Group equity. The paper demonstrates that the value of the equity is sufficient to repay both debtholders of The Very Group and the intercompany loan. Management has also reviewed recent press speculation and have concluded that the wider financing of the group of which The Very Group is a part does not affect the recoverability of the loan.



## SUPPORTING SUSTAINABLE SUCCESS

# Remuneration and Nomination Committee report



As Chair of the Remuneration and Nomination Committee, and on behalf of the Board, I am pleased to present our report on Directors' remuneration for FY23, which is in line with the Company's approved remuneration policy."

**JACQUI HUMPHRIES****CHAIR OF THE REMUNERATION & NOMINATION COMMITTEE**

We have divided the Committee's report into three sections: for remuneration, the annual statement and the remuneration policy, and for nomination, information about our work.

**REMUNERATION: ANNUAL STATEMENT**

The Committee's purpose is to make recommendations to the Board for the Group's remuneration structure, and to align remuneration to the long-term sustainable success of the Group. Our recommendations consider Group performance and the broader economic environment, as well as pay throughout the business.

The Committee works with the Chief Executive Officer and executive management to develop a Group-wide, sustainable approach to remuneration that attracts, retains and rewards talent.

The Committee believes the remuneration policy is effective and aligns the Executive Directors with the objectives of the business. We have aligned the approved remuneration policy with the Group's strategy, and regularly review to make sure reward is commensurate with the market and supports the right strategic aims and behaviours.

This Committee report, along with the disclosures in note 10 to the financial statements, fulfils the requirements under the Companies Act 2006 in relation to directors' remuneration for a privately owned Group.

**KEY COMMITTEE MEMBERS AND MEETINGS**

Member	Attendance
Jacqui Humphries, Non-Executive Director (Chair)	2/2
Dirk Van den Berghe, Company Chair	2/2
Leonel Desclée, Group CEO	2/2

Chief People Officer Sarah Willett is invited to attend and present updates and proposals as required. At the Board meeting that follows a committee meeting, the Committee Chair provides an update to all Board members on matters discussed and agreed, next steps and actions.

**ROLE OF THE COMMITTEE**

The specific roles, as detailed in the Committee's terms of reference, are:

**REMUNERATION:**

- Recommending for Board approval the Group's remuneration policy for the Directors and key members of the senior leadership team.
- Proposing appropriate remuneration structures, ensuring the performance criteria are fair, reward successful performance, and are sufficiently balanced to include financial and non-financial KPIs.
- Ensuring we consider the need for clarity, simplicity, risk, mitigation, proportionality, and cultures in all proposed structures.
- Keeping sufficiently aware and up to date regarding remuneration in other companies of similar size, as well as changes in laws and regulations.
- Ensuring appropriate reviews, and that we consider workforce pay and policies, and they are in line with best practice.

**NOMINATIONS:**

- Ensuring a pipeline of talent, and that effective succession plans are in place for key roles.
- Recommending for Board approval the appointment of Directors and members of the Executive Committee, where appropriate.
- Ensuring Directors remain fit for purpose and up to date with relevant training and professional development.
- Assisting and supporting with Board and Committee evaluations and implementing plans to support the continuous development and training of the Directors.
- Monitoring and reviewing the Group's corporate governance framework.





## SUPPORTING SUSTAINABLE SUCCESS

## Remuneration and Nomination Committee report (continued)

### REMUNERATION POLICY

The Remuneration Policy is devised to attract and retain outstanding colleagues, and to incentivise them to achieve the Group's strategy. The Committee continues to review the principles of the policy regularly.

#### THE POLICY PRINCIPLES ARE:

- The total remuneration is competitive and attracts, motivates and retains high-calibre colleagues and leaders.
- Executives and their teams can earn performance-related bonuses by meeting performance standards aligned with the Group's key financial objectives.
- All colleagues have their futures provided for through the Company's pension schemes.
- The Committee will structure incentive plans, performance measures and targets to operate soundly throughout the business cycle.
- In considering the market positioning of the remuneration, the Committee will consider the financial performance of the Group and the individual performance of the Executive

When the Remuneration Committee determines the structure and level of remuneration, it considers and benchmarks with market rates. It also considers results from external professional salary surveys. No Director was involved in determining the structure and level of their own remuneration.

### KEY REMUNERATION DECISIONS TAKEN DURING THE YEAR

1. Reviewing and approving Executive Directors' remuneration structures, including salary, bonus and related bonus measures, and long-term incentive scheme.
2. Approving Executive Directors' bonuses earned during the prior year and awarded this year.
3. Reviewing the annual Gender Pay Gap Report and plans to reduce the pay gap.
4. Approving key market rate changes for employees, and investment in the April 2023 pay review.
5. Evaluating the Executive Directors' performance and succession plans, ensuring sufficient plans are in place to continue the smooth running of the business.
6. Reviewing and approving new Executive Committee members' remuneration.

### NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are not involved in any decisions about their own remuneration. In addition to remuneration, they receive travel allowance.

### BOARD COMPOSITION

Richard Mayfield and Tim Franklin joined the Board in September 2022 and were considered independent upon their appointments. Their external appointments are approved by the Board and are aligned with the time commitment required for their respective roles with the Group. Richard's appointment brings extensive global and UK retail leadership experience, while Tim, who is also Chair of the Boards of Shop Direct Finance Company Limited and Shop Direct Ireland, has a strong background in financial services. The appointments of Richard and Tim increased Non-Executive Director representation on our Board.

### INDUCTION AND TRAINING

As new Non-Executive Directors, Richard Mayfield and Tim Franklin received an induction tailored to their individual requirements, including guidance on their duties in connection with the Companies Act 2006, as well as other relevant legislation.

The skills and knowledge of the Board as a whole are updated by briefings provided by the Company's internal resources and materials, and workshops and seminars offered by external advisers.

The Group Risk and Legal Officer's responsibilities include ensuring good information flows to the Board, and between senior management and the Non-Executive Directors. The Group Risk and Legal Officer is responsible, through the Chair, for advising the Board on all corporate governance matters and for helping the Directors with their professional development.

### LOOKING AHEAD

The Committee's priorities for FY24 and beyond include:

- Reviewing the short- and long-term incentive arrangements and their alignment with the market, our purpose and the strategic priorities of the business.
- Support in the implementation of the review that has taken place with reference to 'the ways of working' of the Board alongside the terms of reference and composition of all Board Committees.
- Review and support in the implementation of succession plans for Board, Executive and GLT that are reflective of strategy of the business.

**JACQUI HUMPHRIES**  
CHAIR OF THE REMUNERATION &  
NOMINATION COMMITTEE  
25 OCTOBER 2023



## SUPPORTING SUSTAINABLE SUCCESS

# ESG Committee report



As Chair of the ESG Committee, I am pleased to present our report for FY23."

**MARK MCMENEMY**  
CHAIR OF THE ESG COMMITTEE

The Committee's status as a formal committee of the Board as of April 2023 is testament to the role the Group wishes to play as a responsible business, and the importance it places on ESG matters.

It is difficult to remember a year when ESG was more in the spotlight. Global temperatures have reached new highs, green energy transition remains in focus due to the war in Ukraine, and countries and companies are increasingly considering their impact on biodiversity. Against this backdrop, company ESG reporting is evolving at pace, while rigour around supply chain management has become more important than ever.

## PROGRESS DURING THE YEAR

In establishing the ESG Committee, we brought together members of the Board and Executive Committee with the authority to embed ESG into the business. Each member's business responsibilities provide the necessary coverage across reporting and strategy, product, supply chain and risk management to continue leading our ESG plans.

We will provide the governance and alignment our ESG strategy needs to be effective. The Committee has ultimate responsibility for ESG matters, including risks and opportunities relating to climate change. Meanwhile, the Chief Risk and Legal Officer is accountable for the delivery of our ESG programme, with responsibility for specific matters discharged to leadership team members.

It was with the aforementioned global context that we have refocused our ESG strategy during FY23 around the pillars of environment, social and product. The Committee has approved the Group's commitments, which can be viewed on page 30. Furthermore, our first CFD report, which aims to bring more clarity to how climate change may impact our business, can be viewed from page 32. It is the business' aim to evolve our CFD reporting with best practice.

## LOOKING AHEAD

While as a Committee we will continually review and evolve policies in line with the changing landscape, we will also provide support and guidance,

## KEY COMMITTEE MEMBERS AND MEETINGS

Member	Attendance
Mark McMenemy, Non-Executive Director (Chair)	1/1
Nick McBrien, Chief Risk and Legal Officer	1/1
Ben Fletcher, Chief Finance and Transformation Officer	1/1
Sean Hallows, Chief Operating Officer	1/1
Robbie Feather, Managing Director, Retail	1/1

At the Board meeting that follows a committee meeting, the Committee Chair provides an update to all Board members on matters discussed and agreed, next steps and actions.

## ROLE OF THE COMMITTEE

The specific roles, as detailed in the Committee's terms of reference, are:

- Review and monitor The Very Group's conduct with regard to its obligations, reputation and opportunity as a responsible and progressive corporate citizen.
- Oversee the legal reporting obligations in this area for The Very Group as a company of public interest.
- Oversee the delivery of The Very Group's ESG Commitments, consistent with the ESG strategy.
- Maintain external perspective and ensure it is fully considered to ensure The Very Group's approach to ESG remains relevant and ambitious.
- Gather insight and consult from parallel governing committees to ensure accuracy and impact of committee activity.

while challenging the business to continue delivering at pace key milestones in our ESG strategy.

I would like to thank the management team and my fellow Committee members for their work in establishing the ESG Committee as a formal committee of the Board.

I look forward with optimism to see what we can achieve and our role in helping families get more out of life for generations to come.

**MARK MCMENEMY**  
CHAIR OF THE ESG COMMITTEE  
25 OCTOBER 2023



## FINANCIAL STATEMENTS

# Directors' Report

for the 52 week period ended 1 July 2023

## DIRECTORS OF THE GROUP

The Directors, who held office during the period and to the date of this report, were as follows:

A S Barclay  
H M Barclay  
H B Birch (resigned 23 September 2022)  
B P Fletcher  
D W Kershaw  
P L Peters  
S A Winton  
J T Humphries  
M McMenemy  
T A Franklin (appointed 12 September 2022)  
L A Desclee De Maredsous (appointed 19 September 2022)  
R A Mayfield (appointed 26 September 2022)

## REGISTERED OFFICE

First Floor, Skyways House  
Speke Road  
Speke  
Liverpool  
L70 1AB  
United Kingdom  
Company Registration No. 04730752

## INDEPENDENT AUDITOR

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

## FINANCIAL PR

Brunswick Group LLP  
16 Lincoln's Inn Fields  
London  
WC2A 3ED  
United Kingdom

The Directors present their Annual Report and the consolidated financial statements of The Very Group Limited ("the Company") and its subsidiaries ("the Group") for the 52 week period ended 1 July 2023.

## MATTERS DISCLOSED IN THE STRATEGIC REPORT

The following items which are required under s416 of the Companies Act 2006 have been disclosed in the Strategic report:

- Future developments (included within the financial review on pages 19 to 22)
- Engagement with suppliers, customers and others (included within Section 172 on pages 42 to 46, and in the Governance report on page 51)
- Energy and carbon reporting (included on page 49)
- Risk management and principal risks (included on pages 23 to 28)

## DIVIDENDS

During the year the Group paid an interim dividend to Shop Direct Holdings Limited of £15.0m (2022: £25.0m). No further dividends have been proposed as at the 1 July 2023 ("the balance sheet date").





## FINANCIAL STATEMENTS

**Directors' Report** (continued)

for the 52 week period ended 1 July 2023

**EMPLOYMENT OF DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, considering the application on its merit and the knowledge, experiences and skills of the applicant concerned. In the event that a colleague's ability to complete day-to-day activities is impaired by a disability every effort is made to ensure that their employment with the Group continues through reasonable adjustments and appropriate training. It is the policy of the Group that the training, career development and promotion of a person with a disability should, as far as is practically possible, be identical to that of other employees.

**EMPLOYEE INVOLVEMENT**

There is a commitment to employee engagement geared towards business improvement and which incorporates a full and open dialogue with employees and their representatives. This encourages an active contribution from employees to achieving stated business objectives. The Group has well established negotiation and consultation mechanisms with employees and their representatives including consultative committees, joint working parties and briefing groups. The Group recognises and has collective bargaining agreements with USDAW and SATA trade unions. Employees and their representatives are regularly informed of corporate and individual business unit objectives, trading performance, economic conditions and other relevant matters.

**BUSINESS REVIEW**

The Directors are required by company law to set out a fair review of the business, its position at the period end, future developments and a description of the principal risks and uncertainties facing the Group. The strategic report is on pages 2 to 49 and includes the Group Chief Executive's review on pages 6 to 8. The principal risks are considered on pages 23 to 28.

**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 its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

In forming their assessment, the directors have considered:

- a) The potential impact of the recent media speculation around the financing of the broader shareholder group of which The Very Group ("TVG") is part and the impact thereof on TVGL (Financing of the Shareholder Group).
- b) The Group's cash flows and banking covenants for the 18 months from the reporting date of these financial statements (Financial Forecast)

Further detail is set out in note 2 of the financial statements.

**EVENTS AFTER THE REPORTING PERIOD**

Details of significant events taking place after the reporting period are disclosed in note 35.

**ELECTIVE RESOLUTIONS**

The Group has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the Annual Report and financial statements before the Board in general meetings, until such time as the elections are revoked.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 25 October 2023 and signed on its behalf by:

**B P FLETCHER**  
DIRECTOR



## FINANCIAL STATEMENTS

# Directors' responsibilities statement

for the 52 week period ended 1 July 2023

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act .

The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## FINANCIAL STATEMENTS

# Independent auditor's report to the members of The Very Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion:

- the financial statements of The Very Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 1 July 2023 and of the group's loss for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and company statements of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 48.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting in these areas included:

*With respect to the potential impact of matters concerning the financing of the broader shareholder group:*

- Obtaining the evidence supporting management's assessment of the likelihood that any security in the broader shareholder group could be enforced triggering change of control provisions;
- Discussions with and reports from management's legal and restructuring specialists and the ultimate shareholders and obtaining evidence of the current intentions and options under discussion with the principal provider of finance;
- Involving our debt advisory specialists to advise on the subordination of debt instruments, advise on the likelihood of enforcement and implications thereof given the existence of share pledges within the broader shareholder group structure; and
- Involving our valuation specialists to support our challenge and assessment of valuation assumptions.

*With respect to the financial forecasts for the group's cash flows and banking covenants for the going concern period:*

- Challenging the board approved cash flow forecasts and covenant compliance forecasts;
- Assessing the appropriateness of the forecast assumptions by:
  - Challenging the key assumptions within the base case forecasts and sensitivity scenarios in order to assess the possible impact on covenant compliance and liquidity headroom;
  - Testing the mechanical accuracy of the forecasts and the underlying data generated to prepare the forecast scenarios and determining whether there was adequate support for the assumptions underlying the forecast;

- Considering mitigating actions available to reduce costs and manage cash flows, should this be required, with reference to supporting evidence; and assessing whether the mitigating actions are within the group's control; and
- Comparing the forecast with recent historical financial information to consider accuracy of forecasting.

We also evaluated the group's disclosures on going concern in both these areas against the requirements of IAS1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.





## FINANCIAL STATEMENTS

## Independent auditor's report to the members of The Very Group Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulations issued by the Financial Conduct Authority ("FCA") and General Data Protection Regulation ("GDPR").

We discussed among the audit engagement team including relevant internal specialists such as tax, credit risk, debt advisory, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas:

- completeness and accuracy of post model adjustments made to the loan loss provision;
- completeness and accuracy of the buy now pay later early settlement accrual; and
- valuation assumption supporting the ability of the shareholder to repay amounts owing to the group.

Our procedures performed to address the fraud risk identified on completeness and accuracy of post model adjustments made to the loan loss provision included:

- assessed the post model adjustments in context of the current economic uncertainty and challenged the completeness and accuracy of the overlays through a review of industry updates and analysis of Key Performance Indicators ("KPI's") as part of our stand back assessment.

Our procedures performed to address the fraud risk identified on the completeness and accuracy of the buy now pay later early settlement accrual (note 3) included:

- challenged the group's assessment of how potential changes in customer behaviour have been incorporated into the estimate of the early settlement accrual and compared the assumed early settlement rates against historical evidence and settlement activity post year end up to the submission date of this report.

Our procedures performed to address the fraud risk identified on the valuation assumption supporting the ability of the shareholder to repay amounts owing to the group, included:

- challenging the financial forecasts and applying sensitivities based on historical performance; and
- involving our valuation specialists to independently assess the range of potential values.



## FINANCIAL STATEMENTS

## Independent auditor's report to the members of The Very Group Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, reviewing correspondence with HMRC and FCA.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*M. R. Lee-Amies*

**MARK LEE-AMIES**  
SENIOR STATUTORY AUDITOR  
FOR AND ON BEHALF OF DELOITTE LLP  
STATUTORY AUDITOR  
LONDON, UNITED KINGDOM  
25 OCTOBER 2023



## FINANCIAL STATEMENTS

# Consolidated Income Statement

for the 52 week period ended 1 July 2023

	52 week period ended 1 July 2023			52 week period ended 2 July 2022			
	Note	Pre-exceptional items £ m	Exceptional items (note 6) £ m	Total £ m	Pre-exceptional items £ m	Exceptional items (note 6) £ m	Total £ m
Sale of goods		1,724.9	–	1,724.9	1,750.4	–	1,750.4
Rendering of services		422.1	–	422.1	397.9	–	397.9
<b>Total revenue</b>	4,5	<b>2,147.0</b>	–	<b>2,147.0</b>	2,148.3	–	2,148.3
Cost of sales		(1,386.7)	–	(1,386.7)	(1,371.6)	–	(1,371.6)
<b>Gross profit</b>		<b>760.3</b>	–	<b>760.3</b>	776.7	–	776.7
Distribution costs		(219.4)	–	(219.4)	(224.0)	–	(224.0)
Administrative costs		(356.6)	(26.5)	(383.1)	(340.6)	(27.8)	(368.4)
Other operating income		2.2	–	2.2	2.6	–	2.6
<b>Operating profit</b>	5,7	<b>186.5</b>	<b>(26.5)</b>	<b>160.0</b>	214.7	(27.8)	186.9
Finance income	8	1.4	–	1.4	–	–	–
Finance costs	8	(156.8)	–	(156.8)	(109.3)	(13.7)	(123.0)
<b>Profit before tax</b>		<b>31.1</b>	<b>(26.5)</b>	<b>4.6</b>	105.4	(41.5)	63.9
Tax (charge)/credit	12	(15.1)	6.6	(8.5)	(21.0)	7.9	(13.1)
<b>(Loss)/profit for the period</b>		<b>16.0</b>	<b>(19.9)</b>	<b>(3.9)</b>	84.4	(33.6)	50.8

The above results were derived from continuing operations.

# Consolidated Statement of Comprehensive Income

for the 52 week period ended 1 July 2023

	Note	52 week period ended 1 July 2023 £ m	52 week period ended 2 July 2022 £ m
(Loss)/profit for the period		<b>(3.9)</b>	50.8
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement on retirement benefit obligations before tax	24	<b>2.0</b>	10.5
Income tax effect	12	–	(2.2)
Other comprehensive income for the period for items that will not be reclassified subsequently to profit or loss		<b>2.0</b>	8.3
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation losses		<b>(0.3)</b>	(0.1)
Other comprehensive income for the period		<b>1.7</b>	8.2
<b>Total comprehensive (expense)/income attributable to:</b>			
Equity holders of the Group		<b>(2.2)</b>	59.0





## FINANCIAL STATEMENTS

# Consolidated Statement of Financial Position

(Registration number: 04730752)

as at 1 July 2023

	Note	1 July 2023 £ m	2 July 2022 £ m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	14	202.5	202.5
Intangible assets	15	189.2	174.9
Property, plant and equipment	13	69.8	75.4
Right-of-use assets	16	81.2	84.7
Deferred tax assets	12	183.6	190.8
Trade and other receivables	19	508.8	503.8
		<b>1,235.1</b>	1,232.1
<b>Current assets</b>			
Inventories	18	105.7	112.1
Trade and other receivables	19	1,688.2	1,640.2
Income tax asset		1.2	1.1
Cash and cash equivalents	20	39.6	43.4
Derivative financial instruments	17	–	5.1
		<b>1,834.7</b>	1,801.9
<b>Total assets</b>		<b>3,069.8</b>	3,034.0
<b>Equity</b>			
Share capital	22	(200.0)	(200.0)
Merger reserve		(3.5)	(3.5)
Accumulated deficit and other reserves		26.1	8.9
Equity attributable to owners of the Company		<b>(177.4)</b>	(194.6)

	Note	1 July 2023 £ m	2 July 2022 £ m
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	23	(617.6)	(620.9)
Securitisation facility	23	(1,441.8)	(1,441.7)
Retirement benefit obligations	24	(1.2)	(1.3)
Deferred income	27	(23.4)	(25.2)
Lease liabilities	31	(91.0)	(96.8)
Provisions	25	(4.3)	(5.7)
		<b>(2,179.3)</b>	(2,191.6)
<b>Current liabilities</b>			
Trade and other payables	26	(537.9)	(517.6)
Loans and borrowings	23	(75.8)	(80.0)
Securitisation facility <sup>1</sup>	23	(50.0)	–
Derivative financial instruments	17	(3.5)	–
Lease liabilities	31	(5.5)	(1.1)
Deferred income	27	(36.4)	(44.4)
Provisions	25	(4.0)	(4.7)
		<b>(713.1)</b>	(647.8)
Total liabilities		<b>(2,892.4)</b>	(2,839.4)
<b>Total equity and liabilities</b>		<b>(3,069.8)</b>	(3,034.0)

<sup>1</sup> Post year end, the expiry date of the securitisation facility that is presented as a current liability was extended, and so whilst the classification above reflects the position at the balance sheet date, this balance is no longer due to be repaid within the next 12 months. Further detail is provided in notes 23 and 35.

The notes on pages 77 to 115 form an integral part of these financial statements.

The financial statements of The Very Group Limited, registered number 04730752, have been approved by the Board and authorised for issue on 25 October 2023 and signed on its behalf by:

**B P FLETCHER**  
DIRECTOR



## FINANCIAL STATEMENTS

# Consolidated Statement of Changes in Equity

for the 52 week period ended 1 July 2023

	Share capital £ m	Accumulated deficit £ m	Merger reserve £ m	Total £ m
Balance at 4 July 2021	200.0	(42.9)	–	<b>157.1</b>
Profit for the period	–	50.8	–	<b>50.8</b>
Other comprehensive income	–	8.2	–	<b>8.2</b>
Total comprehensive income	–	59.0	–	<b>59.0</b>
Acquisition <sup>2</sup>	–	–	3.5	<b>3.5</b>
Dividend to parent company	–	(25.0)	–	<b>(25.0)</b>
At 2 July 2022	200.0	(8.9)	3.5	<b>194.6</b>
	Share capital £ m	Accumulated deficit £ m	Merger reserve £ m	Total £ m
Balance at 3 July 2022	200.0	(8.9)	3.5	<b>194.6</b>
Loss for the period	–	(3.9)	–	<b>(3.9)</b>
Other comprehensive income	–	1.7	–	<b>1.7</b>
Total comprehensive income	–	(2.2)	–	<b>(2.2)</b>
Dividend to parent company	–	(15.0)	–	<b>(15.0)</b>
<b>At 1 July 2023</b>	<b>200.0</b>	<b>(26.1)</b>	<b>3.5</b>	<b>177.4</b>

<sup>2</sup> During the previous financial year, The Very Group Limited acquired 100% of the ordinary share capital of Primevere Equipment Limited.



## FINANCIAL STATEMENTS

# Consolidated Statement of Cash Flows

for the 52 week period ended 1 July 2023

	52 weeks to 1 July 2023 £ m	52 weeks to 2 July 2022 £ m
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(3.9)	50.8
Adjustments for:		
Depreciation	15.2	18.0
Amortisation	45.2	47.0
Financial instrument net losses/(gains) through profit and loss	8.6	(5.7)
Finance income	(1.4)	–
Finance costs	156.8	123.0
Income tax credit	8.5	13.1
Decrease in provisions	(2.1)	(10.7)
Adjustments for pensions	1.8	1.5
<b>Operating cash flows before movements in working capital</b>	<b>228.7</b>	237.0
Decrease/(increase) in inventories	6.4	(9.9)
Increase in trade and other receivables	(53.8)	(64.8)
Increase/(decrease) in trade and other payables	3.2	(65.8)
<b>Cash generated by operations</b>	<b>184.5</b>	96.5
Income taxes paid	(0.8)	(1.4)
Interest paid	(138.9)	(100.2)
Net cash inflows/(outflows) from operating activities	<b>44.8</b>	(5.1)
<b>Cash flows from investing activities</b>		
Acquisitions of property plant and equipment	(1.8)	(1.7)
Acquisitions of intangible assets	(58.3)	(37.0)
Consideration paid for company acquisitions	–	(0.3)
Net cash outflows from investing activities	<b>(60.1)</b>	(39.0)

	52 weeks to 1 July 2023 £ m	52 weeks to 2 July 2022 £ m
<b>Cash flows from financing activities</b>		
Payments of lease liabilities	(11.5)	(11.6)
Proceeds from securitisation facility drawdowns	50.1	52.5
Proceeds from senior secured notes	–	25.0
Payment of early redemption premium	–	(10.7)
Repayments of secured revolving credit facility	(5.0)	(14.9)
Repayments of bank loans	(7.1)	(5.9)
Dividends paid to parent company	(15.0)	(25.0)
Net cash inflows from financing activities	<b>11.5</b>	9.4
Net decrease in cash and cash equivalents	<b>(3.8)</b>	(34.7)
Net cash and cash equivalents at beginning of period (note 20)	<b>43.4</b>	78.1
Net cash and cash equivalents at end of period (note 20)	<b>39.6</b>	43.4





## FINANCIAL STATEMENTS

# Notes to the financial statements

for the 52 week period ended 1 July 2023

## 1 GENERAL INFORMATION

The Very Group Limited is a private company limited by share capital incorporated, registered 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 is the UK's largest integrated pureplay digital retailer and flexible payments business, providing a multi-category range of famous brands, market-leading ecommerce and technology capabilities, and unique financial services products offering flexible ways to pay.

## 2 ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

The Very Group Limited (the "Group") financial statements have been prepared in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the current and prior periods.

## BASIS OF PREPARATION

The statements have been prepared in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The financial statements are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday. The current financial period relates to the 52 week period ended Saturday 1 July 2023 (2022: 52 week period ended Saturday 2 July 2022).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out herein.

The consolidated financial statements incorporate the results of business combinations of entities under common control. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their carrying values at the acquisition date. The results of acquired operations for the full year are included in the consolidated income statement.

## GOING CONCERN

In evaluating the going concern assumption, 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.

In forming their assessment, the Directors have considered:

- the potential impact of the recent media speculation around the financing of the broader shareholder group of which The Very Group ('TVG') is part and the impact thereof on TVG (Financing of the Shareholder Group section below); and
- The Group's cash flows and banking covenants for the 18 months from the reporting date of these financial statements (Financial Forecast section below).

## Financing of the Shareholder Group

The Directors have considered recent media speculation around the financing of the wider shareholder group of which TVG is part.

The Directors have considered whether the likelihood that any security could be enforced triggering change of control provisions which would require the repayment of the SSNs and RCF, and therefore would negatively impact the liquidity of TVG.

The Directors have received representations from, and discussions with, the owners of TVG, from legal and financial advisors, and from the relevant provider of finance to the SDHL group. Taking all the evidence into consideration, the Directors are satisfied that they have disclosed all relevant matters and that there are a range of options available to all, including, as normal, consideration of current and future covenant requirements, which protect the short- and medium-term value of The Very Group and which are being pursued in a constructive and consensual manner (see also note 3 under 'Amounts owed by Group undertakings').

Taking all of this into account the Directors have concluded that whilst there is some media speculation about wider group financing, the prospect of any security enforcement is remote. The Directors believe the likelihood of the financing arrangements of the wider group impacting the TVG business to be remote and does not impact conclusions regarding the going concern assumption.

## Financial Forecasts

The Directors have carefully considered the Group's cash flows and banking covenants for the 18 months from the reporting date of these financial statements. These forecasts have been based on the Group's latest trading expectations and a full risk analysis exercise has been carried out against the current financial plans which have been appraised based upon the following:

- customer confidence given economic uncertainties and pressure on the cost of living, given the inflationary and interest rate environment;
- inflationary pressures, particularly in relation to input prices, wages and utilities; and
- ability of financial services customers to meet their payment plans and the potential increase in defaults.
- likelihood of further interest rate rises.

As such, realistic assumptions have been used to determine the level of financial resources available to the Company and the Group and to assess liquidity risk and banking covenants.

The Directors have also applied reasonable downside sensitivity analysis to the current financial plans, reflecting the key risks to the business namely the impact that a deterioration in the economic climate & customer confidence would have on a reduction in revenues and, a reduction in payment rates, an increase in debtor default or a further increase in interest rates. A composite scenario has also been stress tested.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****GOING CONCERN (CONTINUED)**

The reasonable downside sensitivities, which consider historical performance, applied include:

- 2% reduction in retail revenue;
- 1% reduction in retail gross margin
- 5% deterioration in customer payment rate;
- 5% increase in gross write offs within Very Finance; and

In addition, two composite scenarios have been applied, a 2% reduction in net dispatches or a 1% reduction in retail gross margin combined with a 1% increase in interest rates.

As at 1 July 2023, as set out in note 23, the Group had cash and cash equivalents of £39.6m (2022: £43.4m) and net debt, including lease liabilities (note 23), of £2.3bn (2022: £2.2bn). The Group's committed lending facilities are unchanged from the prior and comprise £575.0m of Senior Secured Notes ('SSNs'), a revolving credit facility ('RCF') of £150.0m, and a securitisation facility of £1.6bn in the UK and €35.0m in Ireland.

The Groups debt facilities, the SSNs, include a consolidated net leverage covenant, the ratio of net debt to adjusted EBITDA post securitisation interest is tested quarterly.

The Directors' base case forecasts show compliance and headroom against this covenant.

While the Directors believe that all reasonable worst case downside scenarios occurring together is unlikely, they note that under the composite scenarios the Group would have sufficient liquidity, at all covenant dates.

Reverse stress testing has also been applied to the forecast which represent a suitably significant deterioration in the key assumptions from the base case forecasts. The stress test sensitivities have included reductions in retail sales, in customer payment rates, and an increase in gross default. The scale of the deterioration required in the sensitivity for there to be a potential breach of headroom and covenants is of scale that has not occurred in the business before.

Whilst the conditions described above under Financing of the Shareholder Group indicate that speculation regarding future ownership exists, given the rigour of the stress test, and the mitigants available to the business, such as opportunities to manage working capital and the deferral of non-essential capital and other expenditure, the Directors are confident in the company's ability to continue as a going concern and have adequate resources to continue in operation.

Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

**BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**NEW AND REVISED STANDARDS AND INTERPRETATIONS EFFECTIVE**

The Group has applied the following standards, interpretations and amendments with effect from 3 July 2022;

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9 and IFRS 16); and
- References to Conceptual Framework (Amendments to IFRS 3).

The changes listed above did not result in material changes to the Group's Consolidated Financial Statements.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****NEW AND REVISED STANDARDS AND INTERPRETATIONS EFFECTIVE (CONTINUED)**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

**NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**

The following amendments are effective for the period beginning 2 July 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 30 June 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current liabilities with covenants)

The Group is currently assessing the impact of these new accounting standards and amendments and does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

**IFRS 17 INSURANCE CONTRACTS**

IFRS 17 was issued in 2017 and is required to be adopted for annual reporting periods beginning on or after 1 January 2023. For the Group, this will be the 52 week period ended 29 June 2024.

The IFRS 17 model combines a current reporting measurement of insurance contracts with recognition of profit over the period that services are provided. The general model in the standard requires insurance contract liabilities to be measured using probability-weighted current estimates of future cash flows, an adjustment for risk, and a contractual service margin representing the profit expected from fulfilling the contracts. Effects of changes in the estimates of future cash flows and the risk adjustment relating to future services are recognised over the period services are provided rather than immediately in profit or loss. The Group has evaluated the expected initial impact of this standard on the consolidated results and has deemed this to have an immaterial effect.

**REVENUE RECOGNITION**

Revenue comprises sales of goods to customers outside of the Group, less discounts, and is stated net of value added tax and other sales taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised as performance obligations are satisfied once goods are delivered to the customer and the control of goods is transferred.

A right of return is not a separate performance obligation, and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover products from the customer are recognised. It is the Group's policy to sell its products to the retail customer with a right to return within 28 days.

The Group uses the expected value method to estimate the value of goods that will be returned because this method best predicts the amounts of variable consideration to which the Group will be entitled. The refund provision on the statement of financial position is accounted for on a gross basis under IFRS 15, hence a refund liability and a corresponding asset representing the right to recover products from the customer are recognised.

The refund liability due to customers on return of their goods is recognised either as a component of trade payables and other liabilities (for cash payments) or as a deduction from customer receivables (for credit sales). The right of return asset is disclosed in note 18 of the accounts.

Rendering of services revenue principally comprises interest on customers' outstanding balances, commission earned on sales of insurance products and administration fees earned following instances such as late or partial payment by customers.

Under IFRS 9 Financial Instruments, interest is recognised by reference to the principal outstanding and the applicable effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the assets' net carrying amount. Interest is presented net of amounts expected to be settled within the interest free period. Interest income is accrued on all interest-bearing receivables using the earned interest rate applied to the loan's carrying value. Revenue is calculated using the effective interest rate on the gross receivables balance for loans in stages 1 and 2.

The amount expected to be settled within the interest free period is an estimate that management make based on past settlement rates and trends. This is a matter of estimation.

Were BNPL early settlement rates to be 5% higher/(lower) than forecast then the provision for early settlement would be £7.9m higher/(lower) reducing/(increasing) interest income earned in FY23 and net assets.

For loans in stage 3, where interest is still being contractually charged, the calculation is applied to the receivable, net of the allowance for impairment losses, from the start of the next reporting date after the loan entered stage 3. Further detail of the stages of customer receivables is included in the financial instruments accounting policy within note 29.

Insurance premiums are accounted for on an accruals basis and earned evenly over the period of the policy. Administration fees are recognised as revenue as they are charged to the customers' accounts.

**FOREIGN CURRENCY TRANSACTIONS AND BALANCES**

The Group does not trade speculatively in foreign currency; foreign currency is held purely to satisfy payments to suppliers, primarily for goods for resale.

Foreign currency purchases are expressed in Sterling at the exchange rate fixed at the point of purchase (the contract rate). A standard exchange rate, fixed at the beginning of each season, is used in calculating the merchandise margin of goods sold with any resulting profits or losses between standard and contract (actual) rates taken through the income statement over the period to which the usage relates (the 'season'). At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange gains and losses arising on the retranslation of overseas net assets and results are taken to other comprehensive income.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****OPERATING PROFIT**

Operating profit is stated after charging exceptional costs but before finance income and finance costs.

**TAX****Current tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**PROPERTY, PLANT AND EQUIPMENT**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

**DEPRECIATION**

Depreciation on assets is charged to income and freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Asset class	Depreciation method and rate
Leasehold improvement	2% – 10% per annum
Plant and equipment	5% – 20% per annum
Fixtures and fittings	10% – 33% per annum

**GOODWILL**

Goodwill arises on acquisition where the fair value of the consideration given exceeds the fair value of the Group's interest in the identifiable assets and liabilities acquired. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing goodwill is allocated to each of the Group's cash generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**INTANGIBLE ASSETS ACQUIRED SEPARATELY**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 2 ACCOUNTING POLICIES (CONTINUED)

### INTANGIBLE ASSETS ACQUIRED SEPARATELY (CONTINUED)

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Within intangibles, there are items which have not yet been brought into use. Such assets are accounted for at cost. They are not amortised until the accounting period in which they are brought into use.

Expenditure on Software as a Service ("SaaS" customisation and configuration that is distinct from access to the cloud software can only be capitalised to the extent it gives rise to an asset, i.e. where the Group has the power to obtain the future economic benefits and can restrict access by others to those benefits, otherwise such expenditure in relation to developing SaaS for use is expensed.

### AMORTISATION

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset and is recognised within administrative expenses in the consolidated income statement. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Useful economic lives are as follows:

Asset class	Amortisation method and rate
Internally generated software costs	3-7 years
Other internally generated assets	10 years

### IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest Group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

### SECURITISATION

Where the Group securitises its own financial assets, this is achieved through the sale of these assets to a securitisation trust (the "Trust"), which is financed through the issuance of loan notes to a number of funders.

The Trust used to hold the securitised receivables and funds raised by the issued loan notes is not controlled by The Very Group; as such it is not consolidated under IFRS 10 Consolidated Financial Statements. As the Group retains substantially all the risks and rewards of ownership of the trade receivables, the Group continues to recognise the trade receivables and also recognises non-recourse borrowings for the proceeds received.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value and consist of finished goods purchased for resale and consumable stocks for use. Cost is determined using a standard costs method. Where necessary provision is made for obsolete, slow-moving and defective stocks.

### SUPPLIER REBATES

The Group enters into marketing and advertising and volume-based rebate arrangements with suppliers. Rebate income is recognised based on the expected entitlement that has been earned up to the reporting date. The Group only recognises rebates where there is documented evidence of an agreement with a supplier.

Rebates related to inventory held on the statement of financial position are deferred within inventory as a cost price reduction. Rebates earned but not collected at the reporting date are recognised within trade and other receivables.

### BANK BORROWINGS

Financial liabilities, including borrowings, are initially measured at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****BANK BORROWINGS (CONTINUED)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Regulatory obligations are recognised based upon the best estimate of amounts required to settle obligations at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**CASH AND CASH EQUIVALENTS**

Cash on hand in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

**FINANCIAL INSTRUMENTS****Classification**

IFRS 9 Financial Instruments contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

Financial assets are classified at amortised cost if held within a business model where the objective is to hold the asset to collect its contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount, provided it has not been designated as FVTPL.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Recognition and measurement**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade/other receivables'. Trade/other receivables are measured at amortised cost using the effective interest method, less any impairment.

Financial liabilities, including borrowings, are initially measured at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Impairment**

Financial assets are assessed throughout the period for significant increase in credit risk and impairment. The Group recognises loss allowances for expected credit losses (ECLs) on trade receivables. ECLs are a probability weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate (EIR).

The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The Group considers whether financial assets are credit impaired at each reporting date.

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. See note 19 for further details.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)**  
**FINANCIAL INSTRUMENTS (CONTINUED)**

The Group has one type of financial asset that is subject to the IFRS 9 expected credit loss model, which is trade receivables and contract assets under IFRS 15.

Customer balances are assessed within three stages for calculation of expected credit loss:

- Stage 1 – customer balances not demonstrating a significant increase in credit risk since origination;
- Stage 2 – customer balances demonstrating a significant increase in credit risk since origination; and
- Stage 3 – customer balances identified as impaired.

The Group uses underwriting processes that enable it to assess each transaction for approval at the time of sale based on the customer's spending capacity and credit risk. These processes use statistical models and inputs including spending patterns, daily bureau information and payment behaviour. The Group has the right to refuse each transaction at its discretion. Therefore, undrawn components will not be classified as loan commitments and future spending is not in scope for IFRS 9 expected credit losses.

A significant increase in credit risk is defined as follows:

A customer balance is recognised as demonstrating a significant increase in credit risk where there has been a significant increase in the probability of default of that balance since origination. Default is defined as a customers' failure to settle amounts owed to the Group.

A significant increase in credit risk is defined as the probability of default of a customer balance having increased by at least 100% against the probability of default calculated at origination; other determining factors are also considered.

In addition to the above, a customer can also be defined as having demonstrated a significant increase in credit risk whilst not being impaired if they meet specific forbearance criteria and are deemed to be 'performing'.

A final rule is applied to ensure that a significant increase in credit risk is assessed as having occurred no later than when a customer balance is two scheduled payments past due or greater.

**Definition of impairment**

Evidence of impairment includes where a customer balance meets 'non-performing' forbearance criteria or reaches three scheduled payments past due or greater. Probation periods are retained for accounts moving from Stage 2 to Stage 1, and from Stage 3 to Stage 2.

These periods temporarily prevent an account moving to a lower provision stage to allow further observation and to ensure a short-term improvement in customer arrears status does not lead to an inaccurate view of underlying credit risk.

Customer balances are selected to be written off, and/or potentially sold under third-party debt sale agreements, based on consideration of both customer outcomes and commercial criteria. Recoveries are recognised as impairment gains in the income statement.

The ECL provision is calculated on one of the following bases:

- 12-month expected credit losses are defined as the portion of lifetime expected credit losses anticipated from potential default events that occur within the 12 months following the reporting date (discounted exposure at default multiplied by probability of default multiplied by loss given default); and

- Lifetime expected credit losses are defined as all expected credit losses anticipated from all potential default events over the expected life of a financial instrument.

The Group has a loss given default ('LGD') model, which estimates future losses in the event of a customer balance reaching default. The Group's approach to modelling loss given default is based on analysis of historical data and estimates that future cash flows will reflect collections and payments performance over the past three years. The LGD model considers customer payments, debt sale revenue and the reclaim of VAT.

A macroeconomic element is included in the overall calculation of expected credit loss. Multiple economic scenarios are considered.

The Group calculates its ECL using a statistical model based on probability of default (PD), loss given default (LGD) and exposure at default (EAD):

- PD is an estimate of the likelihood of default over a given time horizon, estimated at a point in time. The calculation is based on statistical models that utilise both market and internal data, based on current conditions adjusted to take into account estimates of future conditions that will impact PD.
- LGD is an estimate of the likely loss in the event of a default. The estimates are based on the Group's history of recovery rates.
- EAD is an estimate of the expected gross carrying amount at a future default date. EAD is based on the current loan amount adjusted for expected repayments of principal, and the impact of missed payments which would be expected for an account in default. At 1 July 2023, the maximum exposure at default is considered by the Group to be the current outstanding balance.

ECL is calculated at an individual loan level as the product of PD, LGD and EAD, discounted at the original effective rate to the reporting date.

**LEASES**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****LEASES (CONTINUED)**

The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably

certain to be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest implicit in the lease or where this cannot be readily determined, the lessee's incremental borrowing rate, which is assumed to be 6.5%. After the commencement date, the lease liability is measured at amortised cost using the effective interest method.

It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

The Group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets with a cost less than £3,000 comprise certain items of IT equipment, small items of office furniture and vehicle leases.

**EXCEPTIONAL ITEMS**

In determining whether an item should be presented as an allowable adjustment to IFRS measures, the Group considers items that are significant either because of their size or their nature, and which are non-recurring. For an item to be considered as an allowable adjustment to IFRS measures, it must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period;
- It arises from termination benefits without condition of continuing employment related to a major business change or restructuring programme; or
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an allowable adjustment to IFRS performance measures.

**SHARE CAPITAL**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**DIVIDENDS**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**BUSINESS COMBINATIONS**

Where business combinations have occurred between the Group and other entities under common control, the transaction falls out of scope of IFRS 3 Business Combinations. In these circumstances, the Group applies the 'common control method' to recognise the acquisition as a common control transaction. Under this method, the assets and liabilities of the entity to be acquired are transferred at their respective carrying values and the transaction will not generate any new goodwill upon transfer.

Should any consideration exceed the net assets of the entity to be transferred, this will instead be recognised as a separate equity reserve on consolidation.

The Group will recognise the results of the acquired entity's statement of profit or loss for the full reporting period when producing consolidated financial statements. This is regardless of the timing of the combination and this has been applied prospectively with previous years not being restated. Any costs resulting from the combination will be written-off to the statement of profit or loss.

**INVESTMENTS**

Investments in subsidiary undertakings are included in the Company's statement of financial position at cost on acquisition. The Group assesses for indicators of impairment on an annual basis. Where appropriate, provision is made for any impairments.

**DEFINED CONTRIBUTION PENSION OBLIGATION**

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to contributions.

**DEFINED BENEFIT PENSION OBLIGATION**

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Group presents the first component of defined benefit costs within administrative expenses (see note 24) in its consolidated income statement. Curtailments gains and losses are accounted for as past-service cost. Net interest expense or income is recognised within finance costs (see note 8). The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**2 ACCOUNTING POLICIES (CONTINUED)****DEFINED BENEFIT PENSION OBLIGATION (CONTINUED)**

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**SUPPLIER FINANCING ARRANGEMENTS**

The Group has supplier financing schemes as part of its normal course of business. These schemes are based around the principle of reverse factoring whereby the banks purchase from the suppliers approved trade debts owed by the Group. Access to the supplier finance schemes is by mutual agreement between the bank and supplier; the Group is not party to this contract. The schemes have no cost to the Group as the fees are paid by the supplier directly to the banks. The banks have no special seniority of claim to the Group upon liquidation and would be treated the same as any other trade payable.

As the schemes do not change the characteristics of the trade payable, and the Group's obligation is not legally extinguished until the bank is repaid, the Group continues to recognise these liabilities as trade payables. Cash flows relating to supplier financing arrangements are presented within operating cash flows.

**DERIVATIVES**

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 17.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**

The key judgements concerning the future and the reporting period that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

**Undrawn credit limits**

The Group uses underwriting processes which enable it to assess each transaction for approval at the time of sale based on the customer's spending capacity and credit risk. These processes use statistical models and inputs including spending patterns, daily bureau information and payment behaviour. The Group has the right to refuse each transaction at its discretion. Therefore, undrawn components will not be classified as loan commitments and future spending is not in scope for IFRS 9 expected credit losses (see note 19).

**Loan loss provisioning**

The Group considers the determination criteria for significant increase in credit risk to be a key judgement within the expected credit loss model that may have a significant risk of causing material adjustment. As explained in note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 Financial instruments does not define what constitutes a significant increase in credit risk.

In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

**Deferred tax asset recoverability**

The Group recognises deferred tax assets to the extent that it is probable (defined as more likely than not) that there will be future taxable income against which the deferred tax asset can be utilised. Estimation of the future taxable income is inherent in this process. The Group has considered the carrying value of its deferred tax asset at each reporting date and concluded that based on management's estimates, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. The carrying amount of the deferred tax asset at the reporting date was £183.6m (2022: £190.8m) which consists of capital allowances, carried forward tax losses and provisions and accruals.

**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. There has been no impairment of goodwill in the current financial period.

The carrying amount of goodwill at the reporting date was £202.5m (2022: £202.5m), with £105.5m (2022: £105.5m) relating to the acquisition of the Retail business in 2005. Of the £105.5m goodwill relating to this acquisition, £89.3m (2022: £89.3m) has been allocated to the "Very" cash generating unit and £16.2m (2022: £16.2m) allocated to the "Littlewoods" cash generating unit. The balance of £97.0m (2022: £97.0m) resulted from the acquisition of Douglas Insurance Limited in 2008. Details of the impairment review carried out on the Douglas goodwill balance and related sensitivities are included in note 14.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****Loan loss provisioning**

An allowance for estimated irrecoverable customer receivables is made based on the Group's expected credit loss model in line with IFRS 9. This is an area that requires the use of complex models and significant assumptions about credit behaviour and macroeconomic conditions. The model is derived from estimates and underlying assumptions, of which, the number and relative weighting of forward-looking scenarios and the associated expected credit losses is considered a key estimate by the Group.

A macroeconomic element is included in the overall calculation of expected credit loss. Multiple economic scenarios are purchased. The scenarios provide macroeconomic forecast data for key indicator variables, Unemployment and CPI. Key indicator variables have been established as having the closest correlation to Group default performance.

The scenarios consider, with different probable outcomes, a range of as follows:

- I. Base Case (Peak unemployment: 4.2% (2022: 3.9%), Peak CPI: 8.2% (2022: 9.7%)),
- II. Upside (Peak unemployment: 3.8% (2022: 3.8%), Peak CPI: 8.2% (2022: 10.7%)),
- III. Mild Upside (Peak unemployment: 3.8% (2022: 3.8%), Peak CPI: 8.2% (2022: 10.2%)),
- IV. Stagnation (Peak unemployment: 6.8% (2022: 6.7%), Peak CPI: 8.2% (2022: 9.0%)),

- V. Downside (Peak unemployment: 7.0% (2022: 6.9%), Peak CPI: 8.2% (2022: 9.0%)), and
- VI. Severe Downside economic performance (Peak unemployment: 7.4% (2022 : 7.3%), Peak CPI: 8.2% (2022: 9.0%)).

The Group applies a balanced mix of scenarios to reflect a range of possible outcomes and the Group's macroeconomic calculation applies a weighting of base case 40%, mild upside 30% and downside 30% (2022: same).

If 100% severe downside scenario were applied, the provision would increase by £0.5m (2022: £1.9m). If 100% base case scenario were applied, the provision would decrease by £0.8m (2022: £1.4m). The application of 100% upside scenario would indicate a provision decrease of £0.9m (2022: £2.0m). The macroeconomic element of the Group IFRS 9 provision has increased period on period. The economic scenarios and sensitivities considered in provision models reflect outlooks as at 1 July 2023.

The macroeconomic calculations within Group expected credit loss models are based on historic correlation analysis. Should credit losses prove to be more sensitive to key indicator variables in the outlook period actual credit losses may increase, for example if the relationship between defaults and CPI were to be more pronounced in a high inflationary period than previously seen in past years.

**Current macroeconomic factors**

Major economic challenges have emerged during FY23 with inflationary pressure on household budgets and the well documented rising cost of living in the UK. The increasing cost of energy, groceries, and other household expenses presents the risk that disposable incomes will fall, and that for some customers outgoings will start to exceed earnings resulting in higher defaults.

While forecasts show CPI has now peaked and will fall across the remainder of the year, the cost of living remains high in relation to historical norms.

In accordance with IFRS 9 requirements, the Group expected loss model incorporates a macroeconomic adjustment to customer probabilities of default. The adjustment links to two key economic variables: unemployment and CPI (Consumer Price Index). IFRS 9 requires the utilisation of economic forecasting to reflect the potential risk that recent customer performance may not adequately reflect future defaults if these economic variables become more challenging in the coming 12 to 36 months. The Group purchases economic forecasting data from an independent third party.

The most recent forecasts obtained from them (June 23) show CPI is expected to fall less sharply than previously forecast to 3.8% in December 23 and will not return to a rate below the 2% target until June 25. Higher than expected inflation in May led the Bank of England to increase interest rates by 0.5% and then again by 0.25% in June in the most recent monetary policy committees, which led to further increases in mortgage rates.

Unemployment is expected to peak at 4.2% in December 24. Despite forecasts showing CPI has now peaked and will fall across the remainder of the year, the cost of living remains high in relation to historical norms, as such the macroeconomic adjustment as a percentage of total debtors has remained roughly in line with the past year, FY23: 1.4% (£24.0m), FY22: 1.3% (£20.9m).

**Post model adjustment****Cost of living**

Further to the above, due to the unique nature of emerging inflationary pressures, management has carried out a review into the impact of cost of living pressures on the Group's customer base, considering its potential effect on disposable incomes and the historic correlation between inflation and default rates.

This review has specifically considered potential credit losses over and above the provisions held according to the standard macroeconomic requirements of IFRS 9, acknowledging that the nature of current economic conditions may not ultimately be addressed by a standard economic calibration.

Whilst management remain confident that the flexibility provided by our Very Pay account will help customers to minimise arrears during a period of financial uncertainty, we have incorporated a £5.0m post model adjustment ('PMA') in the light of the nature of current cost of living pressures to reflect the potential for an increase in defaults that exceeds the available forward-looking macroeconomic data. This PMA has the equivalent impact of a >5% stress in probabilities of default; if the modelled probabilities of default were stressed by +-10% the impact on ECL would be +-£8m.

The adjustment was derived by analysing credit losses of the highest risk quintile of accounts over a three year period from 2008, during which there was recession and significant credit tightening (as the closest proxy available for the effects of the cost of living crisis). Ongoing monitoring of default rates for these accounts show that across the past 12 months there has not been any significant deterioration in performance and that the underlying model PD is accurately capturing the default risk. The macroeconomic adjustment is applied to provide additional provision coverage for default risks associated with the macroeconomic environment. Currently evidence suggests that the underlying and macroeconomic adjustment are providing adequate coverage for the default risk associated with these accounts. However, it has been observed that the default rate for these accounts has risen slightly over the previous six months. As a precautionary measure management has decided to maintain the £5.0m cost of living PMA at FY23 close whilst default rates continue to be monitored.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)****KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)***Temporary reduction in arrears and defaults*

Following the onset of Covid-19, the UK Government and FCA provided unique and temporary financial support to both employers and individuals including the furlough and payment freeze schemes. The availability of these schemes has reduced the impact the pandemic may otherwise have had on the ability of the Group's customers to repay borrowings.

As a result of uncertainty associated with the potentially temporary nature of payment and arrears trends whilst these schemes were active, management considered that Probability of Default (PD) values understated underlying risk at the close of FY21. A post model adjustment was therefore made to IFRS 9 provisions to reflect this understatement.

The total provision retained against balances in Stage 1 and Stage 2 of IFRS 9 Provision models was uplifted to align the provisions to historic ECL performance which we believed to be more representative of forward-looking performance. The post model adjustment retained at the beginning of FY23 was £4.7m (2022: £19.3m). This was before forward-looking macroeconomic factors were included and was separate from specific adjustments made for accounts that had utilised a payment freeze with the Group as explained above.

With those schemes no longer active, and arrears and default levels gradually returning to historic norms, the post model adjustment has been progressively utilised in line with credit losses and at FY23 Q1 was fully utilised.

Loss rates relating to this post model adjustment have also proven to be in line with historic performance and again ultimately confirmed the temporary nature of reduced arrears levels.

*Buy now pay later early settlement*

Interest is recognised by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the assets' net carrying amount. Interest is presented net of amounts expected to be settled within the interest free period. Interest income is accrued on all receivables using the earned interest rate applied to the loan's carrying value.

The amount expected to be settled within the interest free period is an estimate which management make based on past settlement rates and trends. This is a matter of judgement. Were BNPL early settlement rates to be 5% higher/(lower) than forecast then the provision for early settlement would be £7.9m higher/(lower) reducing/(increasing) interest income earned in FY23 and net assets.

**Amounts owed by Group undertakings**

As shown in note 32, the Group is owed £511.9m (2022: £510.5m) by group companies including £500.5m (2022: £495.5m) by Shop Direct Holdings Limited ('SDHL'). In assessing the recoverability of the amounts owing, the Directors have based their judgement on the understanding that to repay the amounts owing them, SDHL could raise sufficient funds by a sale of equity in the Very Group ('TVG'). Accordingly, they have considered:

- the potential value of TVG that could be raised in the event of an equity sale;
- the seniority of the both the debt in TVG and in the wider SDHL Group; and

- the potential impact of the wider financing of the shareholder group

*Potential value*

Whilst noting there is no current process or intention to raise such funds, the Directors have considered a range of forward-looking variables in assessing the potential valuation including the forecast assumptions for key income statement lines given the economic environment and appropriate market multiples (See note 2 for information on the Financial Forecasts within Going Concern).

*Debt seniority*

The Directors are satisfied that the shares of TVG are pledged as security to the holders of the SSNs and RCF banks only. No other financial institution has the benefit of a pledge of security over TVG shares, and the Directors confirm this security ranks ahead of any other for both TVG and the wider SDHL Group.

*Wider shareholder group*

The Directors are aware of media speculation regarding the financing of the wider shareholder group of which TVG is a part. The Directors have considered the likelihood that security provided by SDHL to a provider of finance to them could be enforced triggering change of control provisions which would require the immediate repayment of the SSN's and RCF and affect the ability of the SDHL Group to repay the receivable.

The Directors have received representations from, and had discussions with, the owners of TVG, legal and financial advisors, and the relevant provider of finance to the SDHL group. Taking all the evidence into consideration, the Directors are satisfied that they have disclosed all relevant matters and that there are a range of options available to all, including, as normal, consideration of current and future covenant requirements,

which protect the short- and medium-term value of The Very Group and which are being pursued in a constructive and consensual manner.

*Conclusion*

Having considered the potential value of TVG, the seniority of the debt, and the wider financing of the shareholder group, the Directors believe the range of values for the TVG business in an orderly sale process would be sufficient to meet the prior claims of debtholders, and for the Group to recover the amounts owed by SDHL in full. The Directors consider the possibility of risk of security enforcement to be remote.

*Credit losses*

As required by IFRS9 Financial Instruments, the Directors have assessed the credit risk of the receivable and determined that there has not been a significant increase in credit risk since initial recognition and as such the loan receivable remains in stage 1 of the IFRS 9 expected credit loss model. The Directors have considered the possible future scenarios by which the receivable is settled and assigned probabilities to each scenario, no matter how remote. Taking all these scenarios into account on a probability weighted basis, the Directors believe the expected credit loss to be insignificant.

**Pension**

The Group has defined benefit pension plans; all plans have been accounted for in accordance with IAS 19. For all plans, pension valuations have been performed using specialist advice obtained from independent qualified actuaries. In performing these valuations, significant actuarial assumptions and judgements have been made to determine the defined benefit obligation, in particular, in respect of inflation, mortality and discount rates. Relevant sensitivity analysis is included in note 24.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 4 REVENUE

The analysis of the Group's revenue for the period from continuing operations is as follows

	2023 £ m	2022 £ m
Sale of goods	1,724.9	1,750.4
Interest income	415.2	389.4
Insurance and warranty income	6.9	8.5
Total rendering of services revenue	422.1	397.9
Total revenue	2,147.0	2,148.3
Other operating income	2.2	2.6
Finance income	1.4	–
Total income	2,150.6	2,150.9

## 5 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. Pre-exceptional EBITDA represents the 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.

## 5 SEGMENTAL ANALYSIS (CONTINUED)

	2023 £ m	2022 £ m
<b>By business segment</b>		
<b>Analysis of revenue:</b>		
Very UK	1,824.1	1,790.5
Littlewoods	253.8	277.2
Very Ireland <sup>3</sup>	69.1	80.6
	2,147.0	2,148.3
Gross profit	760.3	776.7
Distribution costs (excluding depreciation, amortisation and exceptional items)	(214.4)	(220.2)
Administrative costs (excluding depreciation, amortisation and exceptional items)	(301.2)	(279.4)
Other operating income	2.2	2.6
<b>Pre-exceptional EBITDA<sup>4</sup></b>	<b>246.9</b>	279.7
Exceptional items	(26.5)	(27.8)
Depreciation	(15.2)	(18.0)
Amortisation	(45.2)	(47.0)
Operating profit	160.0	186.9
Finance income	1.4	–
Finance costs	(156.8)	(109.3)
Exceptional finance costs	–	(13.7)
Profit before taxation	4.6	63.9

The analysis above is in respect of continuing operations.

	2023 £ m	2022 £ m
<b>By geographical location of destination</b>		
<b>Revenue:</b>		
United Kingdom	2,077.9	2,067.7
Republic of Ireland	69.1	80.6
	2,147.0	2,148.3

<sup>3</sup> At the beginning of FY23, LittlewoodsIreland.ie was rebranded to Very.ie and has been separated from the other segments for clarity.

<sup>4</sup> Pre-exceptional EBITDA is defined as operating profit from continuing operations before amortisation of intangible assets, depreciation, impairment of assets and exceptional items.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 5 SEGMENTAL ANALYSIS (CONTINUED)

	2023 £ m	2022 £ m
<b>Operating profit:</b>		
United Kingdom	<b>153.9</b>	175.9
Republic of Ireland	<b>6.1</b>	11.0
	<b>160.0</b>	186.9

The analysis above is in respect of continuing operations.

Revenue by origin is not materially different from revenue by destination.

## 6 EXCEPTIONAL ITEMS

	2023 £ m	2022 £ m
Technical transformation spend	<b>21.3</b>	17.8
Restructuring costs	<b>4.2</b>	3.4
Professional fees for corporate projects	<b>2.8</b>	7.4
Property strategy costs	<b>0.8</b>	–
Impairment reversal of right of use assets	<b>(1.8)</b>	–
Release of site closure provision	<b>(0.8)</b>	–
Release of warranty claims provision	–	(0.8)
Charged to operating profit	<b>26.5</b>	27.8
Exceptional finance costs	–	13.7
Total exceptional costs	<b>26.5</b>	41.5

Progress continues on our multi-year technical transformation programme, which involves moving a significant portion of the Group's current on-premises technology to the cloud by December 2025. 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, £21.3m of costs have been classified as exceptional in relation to spend incurred on this programme during the current period (52 week period ended 2 July 2022: £17.8m).

The restructuring costs of £4.2m in the current period (£3.4m for the 52 week period ended 2 July 2022) reflect expenditure on the rationalisation of processes and functions within The Very Group.

## 6 EXCEPTIONAL ITEMS (CONTINUED)

During the current period £2.8m has been recognised in relation to professional fees for corporate projects (2022: £7.4m).

Property strategy costs of £0.8m (2022: £nil) have been incurred relating to a series of property changes made by the Group in the current period.

The impairment reversal of £1.8m (2022: £nil) relates to the reopening 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 reopening to accommodate the relocation of Home and Living colleagues following a series of property changes, referred to as the 'property strategy'.

The £0.8m (2022: £nil) 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 reopening.

A warranty provision credit of £0.8m was recognised in the prior year 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.

## 7 OPERATING PROFIT

Arrived at after charging/(crediting):

	2023 £ m	2022 £ m
Depreciation of property, plant and equipment	<b>7.2</b>	10.6
Depreciation of right of use assets	<b>8.0</b>	7.4
Amortisation	<b>45.2</b>	47.0
Foreign exchange losses/(gains)	<b>2.4</b>	(1.7)
Impairment reversal of right of use assets	<b>(1.8)</b>	–
Cost of inventories recognised as an expense	<b>1,338.8</b>	1,324.8
Write downs of inventories recognised as an expense	<b>4.5</b>	5.8
Staff costs	<b>188.6</b>	181.2
Impairment loss recognised on trade receivables <sup>5</sup>	<b>150.9</b>	142.2
Short-term lease expense	<b>0.1</b>	0.3
Low value lease expense	–	0.2

<sup>5</sup> The prior year comparative has been restated to reflect revised presentation of refund liabilities now presented separately to the loss allowance. See note 19 for further details.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 8 FINANCIAL INCOME AND COSTS

	Note	2023 £ m	2022 £ m
<b>Finance income</b>			
Interest income on bank deposits		1.4	-
<b>Finance costs</b>			
Interest on bank overdrafts and borrowings		(53.0)	(45.9)
Interest on lease liabilities		(7.3)	(7.9)
Interest on securitisation facility		(96.1)	(53.9)
Net interest on defined benefit obligation	24	(0.1)	-
Other finance costs		(0.3)	(1.6)
		<b>(156.8)</b>	(109.3)
Exceptional refinancing costs	6	-	(13.7)
Total finance costs		<b>(156.8)</b>	(123.0)
Net finance costs		<b>(155.4)</b>	(123.0)

## 9 STAFF COSTS

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2023 £ m	2022 £ m
Wages and salaries	158.0	147.1
Social security costs	15.5	15.5
Redundancy costs	7.2	10.6
Pension costs, defined contribution scheme	7.9	8.0
	<b>188.6</b>	181.2

## 9 STAFF COSTS (CONTINUED)

The average number of persons employed by the Group (including Directors) during the period, analysed by category was as follows:

	2023 No.	2022 No.
Distribution	945	755
Administration & customer service centres	2,597	2,586
	<b>3,542</b>	3,341

## 10 DIRECTORS' REMUNERATION

The Directors' remuneration for the period was as follows:

	2023 £ m	2022 £ m
Emoluments	5.0	2.3
Contributions paid to money purchase schemes	0.2	0.2
	<b>5.2</b>	2.5

Four Directors did not receive any emoluments from the Group or Company in the current or prior period in respect of their services to the Group or Company.

The Directors are employed by other companies under common control and their emoluments are charged to and borne by the other companies without further resource. In both the current period and prior period, the services provided by these Directors to the Group and Company are incidental to their employment by and services to Ellerman Investments Limited.

During the period the number of Directors receiving benefits and share incentives was as follows:

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	4	3

The Directors are considered to be key management personnel. In respect of the highest paid Director:

	2023 £ m	2022 £ m
Emoluments	2.0	0.8
Contributions paid to money purchase schemes	0.1	0.1
	<b>2.1</b>	0.9



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 11 AUDITOR'S REMUNERATION

	2023 £ m	2022 £ m
Audit of the financial statements of the Group and subsidiaries of the Company pursuant to legislation	1.3	1.2
Total audit fees	1.3	1.2
<b>Other fees to the auditor</b>		
Reporting accountant services	–	1.2
Total non-audit fees	–	1.2

## 12 INCOME TAX

Tax charged in the income statement.

	2023 £ m	2022 £ m
<b>Current taxation</b>		
UK corporation tax	0.2	0.3
Adjustments in respect of prior years	0.1	(0.2)
Foreign tax	1.0	1.3
Total current income tax	1.3	1.4
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	6.1	14.4
Adjustment in respect of prior years	0.9	4.7
Impact of rate change	0.2	(7.4)
	7.2	11.7
Tax charge in the income statement	8.5	13.1

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2022 – higher than the standard rate of corporation tax in the UK) of 20.5% (2022: 19.0%).

## 12 INCOME TAX (CONTINUED)

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 reporting date.

In December 2021, the OECD released a framework for Pillar Two Model Rules which will introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750m. The legislation implementing the rules in the UK was substantively enacted on 20 June 2023 and will apply to the Group from the financial year ending 30 June 2025 onwards. The Group is reviewing this legislation and also monitoring the status of implementation of the model rules outside of the UK to understand the potential impact on the Group.

The differences are reconciled below:

	2023 £ m	2022 £ m
Profit before tax	4.6	63.9
Corporation tax at standard rate of 20.5% (2022: 19%)	(0.9)	(12.1)
Adjustments in respect of prior years	(1.0)	(4.5)
Expenses not deductible	(1.7)	(1.3)
Income not taxable	1.4	0.2
Transfer pricing adjustment	(6.4)	(3.4)
Effect of overseas tax rates	0.3	0.6
Change of tax rate effects	(0.2)	7.4
Total tax charge	(8.5)	(13.1)

## DEFERRED TAX

Deferred tax movement during the period:

	At 3 July 2022 £ m	Recognised in income statement £ m	Tax rate change recognised in income statement £ m	Recognised in other comprehensive income £ m	Tax rate change recognised in other comprehensive income £ m	At 1 July 2023 £ m
Accelerated tax depreciation	72.7	(5.5)	(0.2)	–	–	67.0
Tax losses carry-forwards	95.4	(0.2)	–	–	–	95.2
Pension benefit obligations	0.4	–	–	–	–	0.4
Short-term timing differences	22.3	(1.3)	–	–	–	21.0
Net tax assets	190.8	(7.0)	(0.2)	–	–	183.6



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 12 INCOME TAX (CONTINUED)

## DEFERRED TAX (CONTINUED)

Deferred tax movement during the prior period:

	At 3 July 2021 £ m	Recognised in income statement £ m	Tax rate change recognised in income statement £ m	Recognised in other comprehensive income £ m	Tax rate change recognised in other comprehensive income £ m	At 2 July 2022 £ m
Accelerated tax depreciation	69.6	(0.5)	3.6	–	–	72.7
Tax losses carry-forwards	93.4	(2.9)	4.9	–	–	95.4
Pension benefit obligations	2.6	–	–	(2.2)	–	0.4
Short-term timing differences	39.3	(15.9)	(1.1)	–	–	22.3
Net tax assets	204.9	(19.3)	7.4	(2.2)	–	190.8

Deferred tax asset recognition is based on entity only future taxable profits with deferred tax assets expected to reverse in future periods.

At the balance sheet date, the Group has unrecognised UK tax losses of £56.5m (2022: £56.5m), pre-trading expenses £1.1m (2022: £nil) and capital losses of £66.3m (2022: £66.3m) available for offset against future profits. The unrecognised tax losses do not expire. No deferred tax asset has been recognised with respect to these losses.

The Group has recognised deferred tax assets in respect of losses and other temporary differences to the extent that it is probable that there will be future taxable profits against which the losses and other temporary differences can be utilised. The Group has considered their carrying value at each reporting date and concluded that, based on management's estimates, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. These estimates are based on forecast future taxable profits. The Group regards the deferred tax assets in relation to tax losses and other temporary differences as recoverable based on its best estimate of future sources of taxable income.

## 13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £ m	Plant and equipment £ m	Furniture, fittings and equipment £ m	Total £ m
<b>Cost</b>				
At 4 July 2021	11.8	–	37.2	<b>49.0</b>
Additions	0.2	–	1.4	<b>1.6</b>
Acquisition of subsidiary	–	60.2	–	<b>60.2</b>
Reclassification	(0.8)	–	(1.1)	<b>(1.9)</b>
Disposals	–	–	(1.3)	<b>(1.3)</b>
At 2 July 2022	11.2	60.2	36.2	<b>107.6</b>
Additions	0.3	0.4	1.5	<b>2.2</b>
Reclassification	–	–	0.1	<b>0.1</b>
Disposals	–	–	(1.2)	<b>(1.2)</b>
<b>At 1 July 2023</b>	<b>11.5</b>	<b>60.6</b>	<b>36.6</b>	<b>108.7</b>
<b>Depreciation</b>				
At 4 July 2021	7.1	–	16.2	<b>23.3</b>
Charge for the period	0.2	6.4	4.0	<b>10.6</b>
Reclassifications	–	–	(0.4)	<b>(0.4)</b>
Disposals	–	–	(1.3)	<b>(1.3)</b>
At 2 July 2022	7.3	6.4	18.5	<b>32.2</b>
Charge for the period	0.2	3.0	4.0	<b>7.2</b>
Reclassification	–	–	0.7	<b>0.7</b>
Disposals	–	–	(1.2)	<b>(1.2)</b>
<b>At 1 July 2023</b>	<b>7.5</b>	<b>9.4</b>	<b>22.0</b>	<b>38.9</b>
<b>Carrying amount</b>				
<b>At 1 July 2023</b>	<b>4.0</b>	<b>51.2</b>	<b>14.6</b>	<b>69.8</b>
At 2 July 2022	3.9	53.8	17.7	75.4

In the prior year, the Group acquired 100% of the ordinary share capital of Primevere Equipment Limited under a common control business acquisition. Primevere Equipment Limited owns the plant and equipment in use at the Group's principal distribution centre in the East Midlands, which is then leased to the parent company of the Group, The Very Group Limited.

The acquisition of Primevere Equipment Limited resulted in an increase in the tangible asset value for the plant and equipment in place in East Midlands, which was capitalised at its net book value on the date of acquisition and the assets are depreciated over their expected remaining useful lives.

The lease between the two entities was eliminated in these consolidated financial statements, resulting in a decrease in both the right-of-use assets (note 16) and lease liabilities (note 31) of the Group.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 14 GOODWILL

	Goodwill £ m
<b>Cost</b>	
4 July 2021, 2 July 2022 and 1 July 2023	252.5
<b>Impairment</b>	
4 July 2021, 2 July 2022 and 1 July 2023	50.0
<b>Carrying amount</b>	
<b>2 July 2022 and 1 July 2023</b>	<b>202.5</b>

Goodwill is allocated to three cash generating units (CGUs) being £89.3m (2022: £89.3m) for Very and £16.2m (2022: £16.2m) for Littlewoods relating to the acquisition of the retail business in 2005 and £97.0m (2022: £97.0m) resulting from the acquisition of Douglas Insurance Limited in 2008. The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for value in use calculations are those regarding discount rates, growth rates and forecast cash flows. The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For all CGUs, management have used a value in use model to review for impairment, which includes forecasted future cash flows for the five years following the 52 week period ended 1 July 2023. These have been discounted using a rate of 8.0%.

For the element of goodwill relating to Douglas Insurance Limited, the key assumptions include the average growth in earned premiums of 33% (2022: 34%), conversion rate of Term 5% and Monthly 14% (2022: term 5%, monthly 17%), year 1 product cancellation rate of 18% (2022: 18%), average claims rate of 46% (2022: 53%) and extensions cancellation rate of 20% (2022: 20%) over the 5 year projection period, which is based on the director's assessment of the impact of changes in the product mix, including the launch of a new monthly insurance product being offered by the Douglas business. The headroom on the Douglas goodwill balance as at 1 July 2023 is £22.2m (2022: £28.3m).

The following sensitivity analysis has been prepared for the Douglas Insurance Limited CGU. In comparison to the value in use model, the following changes in key assumptions would reduce the headroom to £nil: a reduction in the conversion rate to 10.0% (2022: 10.6%), an increase in the average claims rate to 56.9% (2022: 64.3%) or an increase in the year 1 product cancellation rate to 41.0% (2022: 41.0%).

## 14 GOODWILL (CONTINUED)

A combined sensitivity was also considered and for headroom to be reduced to £nil, a change in the average growth in earned premiums to 34%, average claims rate to 44% and a decrease in monthly conversion to 15% would be required.

## 15 INTANGIBLE ASSETS

	Internally generated software £ m	Other internally generated costs £ m	Total £ m
<b>Cost</b>			
At 4 July 2021	242.7	51.2	<b>293.9</b>
Additions	35.0	1.4	<b>36.4</b>
Reclassifications	3.1	–	<b>3.1</b>
Disposals	(58.2)	–	<b>(58.2)</b>
At 2 July 2022	222.6	52.6	<b>275.2</b>
Additions	59.5	–	<b>59.5</b>
Disposals	(21.2)	–	<b>(21.2)</b>
<b>At 1 July 2023</b>	<b>260.9</b>	<b>52.6</b>	<b>313.5</b>
<b>Amortisation</b>			
At 4 July 2021	108.1	2.9	<b>111.0</b>
Amortisation charge	41.2	5.8	<b>47.0</b>
Reclassification	0.5	–	<b>0.5</b>
Disposals	(58.2)	–	<b>(58.2)</b>
At 2 July 2022	91.6	8.7	<b>100.3</b>
Amortisation charge	36.1	9.1	<b>45.2</b>
Disposals	(21.2)	–	<b>(21.2)</b>
<b>At 1 July 2023</b>	<b>106.5</b>	<b>17.8</b>	<b>124.3</b>
<b>Carrying amount</b>			
<b>At 1 July 2023</b>	<b>154.4</b>	<b>34.8</b>	<b>189.2</b>
At 2 July 2022	131.0	43.9	174.9

Included within software costs are £41.4m (2022: £25.1m) of investment incurred related to ongoing software development projects on which amortisation has not commenced as the assets have not yet been brought into use.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 16 RIGHT-OF-USE ASSETS

	Land and buildings £ m	Plant and equipment £ m	Total £ m
<b>Cost</b>			
At 4 July 2021	119.0	71.6	<b>190.6</b>
Additions	0.3	2.6	<b>2.9</b>
Disposals	(18.4)	–	<b>(18.4)</b>
Acquisition of subsidiary	–	(70.4)	<b>(70.4)</b>
At 2 July 2022	100.9	3.8	<b>104.7</b>
Additions	0.2	2.5	<b>2.7</b>
Disposals	(1.0)	–	<b>(1.0)</b>
<b>At 1 July 2023</b>	<b>100.1</b>	<b>6.3</b>	<b>106.4</b>
<b>Depreciation</b>			
At 4 July 2021	17.3	9.2	<b>26.5</b>
Charge for the period	6.8	0.6	<b>7.4</b>
Disposals	(5.0)	–	<b>(5.0)</b>
Acquisition of subsidiary	–	(8.9)	<b>(8.9)</b>
At 2 July 2022	19.1	0.9	<b>20.0</b>
Charge for the period	6.8	1.2	<b>8.0</b>
Disposals	(1.0)	–	<b>(1.0)</b>
Impairment reversal	(1.8)	–	<b>(1.8)</b>
<b>At 1 July 2023</b>	<b>23.1</b>	<b>2.1</b>	<b>25.2</b>
<b>Carrying amount</b>			
<b>At 1 July 2023</b>	<b>77.0</b>	<b>4.2</b>	<b>81.2</b>
At 2 July 2022	81.8	2.9	84.7

In the prior year, the Group acquired 100% of the ordinary share capital of Primevere Equipment Limited under a common control business acquisition. Primevere Equipment Limited own the plant and equipment in use at The Very Group's principal distribution centre in the East Midlands, which are then leased to the parent company of the Group, The Very Group Limited.

## 16 RIGHT-OF-USE ASSETS (CONTINUED)

The lease between the two entities was eliminated in these consolidated financial statements, resulting in a decrease to both the right-of-use assets and lease liabilities (note 31) of the Group. An increase in tangible assets (note 13) occurred upon acquisition of the distribution centre plant and equipment.

## 17 DERIVATIVE FINANCIAL INSTRUMENTS

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

	2023 £ m	2022 £ m
Notional amount – Sterling contract value	<b>160.2</b>	104.1
Fair value of (liability)/asset recognised	<b>(3.5)</b>	5.1

Changes in the fair value of derivative financial instruments amounted to a loss of £8.6m in the period (2022: gain of £5.7m).

The fair value of foreign currency derivative contracts is their market value at the reporting 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 reporting date.

Contracts committed to are denoted in US Dollars, Euro and South African Rand to manage foreign currency risk.

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

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2. There were no transfers between Level 1 and Level 2 during the period.

## 18 INVENTORIES

	2023 £ m	2022 £ m
Finished goods and goods for resale	<b>105.7</b>	112.1

An impairment loss of £4.5m (2022: £5.8m) was recognised in cost of sales against stock during the period due to obsolete, slow-moving or damaged stock.

The right of return asset in inventory amounted to £17.7m (2022: £14.7m). The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 28-day returns policy. The Group uses its accumulated historical experience to estimate the number of returns using the expected value method.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 19 TRADE AND OTHER RECEIVABLES

	2023 £ m	2022 £ m
<b>Non-current:</b>		
Amounts owed by Group undertakings (note 32)	508.8	503.8
<b>Current:</b>		
Trade receivables	1,450.6	1,394.1
Amounts owed by Group undertakings (note 32)	3.1	6.7
Prepayments	173.2	182.7
Other receivables	61.3	56.7
	1,688.2	1,640.2
Total trade and other receivables	2,197.0	2,144.0

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

Other receivables include £7.0m (2022: £17.0m) due from the Group's external trade receivables securitisation provider. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. A bad debt provision of £216.6m under IFRS 9 (2022 Restated: £218.6m) has been recorded.

The Group offers a range of options which enable its customers to spread the cost of their purchases, some options are interest free and others are interest bearing. The representative APR on Very is 42.9% (2022: 39.9%) and 0.0% (2022: 0.0%) on Littlewoods.

The contractual amount outstanding on trade and other receivables written off during the reporting period and subject to enforcement activity was £nil (2022: £nil).

The total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period cannot be calculated due to the revolving nature of a significant proportion of trade and other receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. All customer receivables are unsecured.

## 19 TRADE AND OTHER RECEIVABLES (CONTINUED)

Allowance for doubtful debts:

	2023 £ m	2022 <sup>5</sup> £ m
Balance at beginning of the period	218.6	203.8
Amounts charged to the income statement	150.9	142.2
Amounts written off	(152.9)	(127.4)
<b>Balance at end of the period</b>	<b>216.6</b>	<b>218.6</b>

The ageing of trade receivables is as follows:

	2023 £ m	2022 <sup>5</sup> £ m
Current – not past due	1,454.0	1,412.4
1 scheduled payment past due	66.1	65.2
2 scheduled payment past due	27.7	28.1
3 scheduled payment past due or greater	158.9	141.9
Gross trade receivables	1,706.7	1,647.6
Refund liabilities	(39.5)	(34.9)
Net customer receivables	1,667.2	1,612.7
Allowance for doubtful debts	(216.6)	(218.6)
	1,450.6	1,394.1

The bad debt provision is derived based on the ECL model discussed in the Group's accounting policies. The following table analyse the movement of the loss allowance by stage.

<sup>5</sup> The prior year comparative has been restated to reflect revised presentation, with refund liabilities now presented as a separate line within the disclosure. The net trade receivables balances remains unchanged.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 19 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Stage 1 <sup>5</sup> £ m	Stage 2 £ m	Stage 3 £ m	Total <sup>5</sup> £ m
<b>Allowance for bad debts as at 4 July 2021</b>	34.8	85.3	83.7	<b>203.8</b>
Transfer stage 1	–	(7.7)	1.3	<b>(6.4)</b>
Transfer stage 2	7.7	–	7.2	<b>14.9</b>
Transfer stage 3	(1.3)	(7.2)	–	<b>(8.5)</b>
Post Model Adjustment	0.9	(17.1)	–	<b>(16.2)</b>
Remeasurement of balances	(5.1)	32.8	39.4	<b>67.1</b>
New financial assets recognised	2.5	12.8	8.9	<b>24.2</b>
Financial assets derecognised	(1.6)	(2.8)	(3.0)	<b>(7.4)</b>
Assets written off	(2.0)	(14.0)	(36.9)	<b>(52.9)</b>
<b>Allowance for bad debts as at 2 July 2022</b>	35.9	82.1	100.6	<b>218.6</b>
Transfer stage 1	–	(12.5)	1.1	<b>(11.4)</b>
Transfer stage 2	12.5	–	10.1	<b>22.6</b>
Transfer stage 3	(1.1)	(10.1)	–	<b>(11.2)</b>
Post Model Adjustment	–	(5.4)	–	<b>(5.4)</b>
Remeasurement of balances	(12.0)	26.0	44.4	<b>58.4</b>
New financial assets recognised	2.9	11.4	9.1	<b>23.4</b>
Financial assets derecognised	(1.5)	(2.9)	(2.9)	<b>(7.3)</b>
Assets written off	(1.6)	(16.6)	(52.9)	<b>(71.1)</b>
<b>Allowance for bad debts as at 1 July 2023</b>	35.1	72.0	109.5	<b>216.6</b>

The following table sets out the percentage of provision applied in each stage:

	Stage 1 <sup>5</sup> %	Stage 2 %	Stage 3 %	Total <sup>5</sup> %
Financial period ended 2 July 2022	3.4	22.3	56.8	<b>13.6</b>
Financial period ended 1 July 2023	3.2	19.1	58.0	<b>13.0</b>

<sup>5</sup> The prior year comparative has been restated to reflect revised presentation, with refund liabilities now presented as a separate line within the disclosure. The net trade receivables balances remains unchanged.

## 19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table sets out changes in the carrying amount of trade receivables that contributed to the changes in the loss allowance:

	Stage 1 <sup>5</sup> £ m	Stage 2 £ m	Stage 3 £ m	Total <sup>5</sup> £ m
Balance at 4 July 2021	1,087.9	310.4	152.8	<b>1,551.1</b>
Transfer stage 1	–	23.2	43.6	<b>66.8</b>
Transfer stage 2	(23.2)	–	33.4	<b>10.2</b>
Transfer stage 3	(43.6)	(33.4)	–	<b>(77.0)</b>
Growth in trade receivables	51.3	69.9	(0.3)	<b>120.9</b>
New financial assets recognised	106.9	55.6	13.7	<b>176.2</b>
Financial assets derecognised	(84.1)	(16.9)	(7.1)	<b>(108.1)</b>
Amounts written off	(28.1)	(40.3)	(59.0)	<b>(127.4)</b>
<b>Balance at 2 July 2022</b>	1,067.1	368.5	177.1	<b>1,612.7</b>
Transfer stage 1	–	(1.8)	40.6	<b>38.8</b>
Transfer stage 2	1.8	–	43.8	<b>45.6</b>
Transfer stage 3	(40.6)	(43.8)	–	<b>(84.4)</b>
Growth in trade receivables	63.6	62.5	2.6	<b>128.7</b>
New financial assets recognised	112.6	55.6	13.7	<b>181.9</b>
Financial assets derecognised	(79.1)	(17.6)	(6.5)	<b>(103.2)</b>
Amounts written off	(23.3)	(47.1)	(82.5)	<b>(152.9)</b>
<b>Balance at 1 July 2023</b>	1,102.1	376.3	188.8	<b>1,667.2</b>

<sup>5</sup> The prior year comparative has been restated to reflect revised presentation, with refund liabilities now presented as a separate line within the disclosure. The net trade receivables balances remains unchanged.

## 20 RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

	2023 £ m	2022 £ m
Cash at bank	<b>14.1</b>	36.1
Cash equivalents	<b>25.5</b>	7.3
Net cash and cash equivalents in statement of cash flows	<b>39.6</b>	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.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 21 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 3 July 2022 £ m	Financing cash flows £ m	Non-cash changes £ m	At 1 July 2023 £ m
Securitisation facility	1,441.7	50.1	–	<b>1,491.8</b>
Senior secured notes	585.9	(4.1)	8.3	<b>590.1</b>
Bank loans	41.5	(7.1)	–	<b>34.4</b>
Lease liabilities	97.9	(11.5)	10.1	<b>96.5</b>
Secured revolving credit facility	73.5	(5.0)	0.4	<b>68.9</b>
Total liabilities from financing activities	2,240.5	22.4	18.8	<b>2,281.7</b>

	At 4 July 2021 £ m	Financing cash flows £ m	Non-cash changes £ m	At 2 July 2022 £ m
Securitisation facility	1,389.2	52.5	–	1,441.7
Senior secured notes	550.0	22.6	13.3	585.9
Bank loans	–	(5.9)	47.4	41.5
Lease liabilities	178.3	(11.6)	(68.8)	97.9
Secured revolving credit facility	90.0	(16.5)	–	73.5
Total liabilities from financing activities	2,207.5	41.1	(8.1)	2,240.5

Within financing cash flows for the senior secured notes are £nil (2022: £2.4m) of prepaid loan arrangement fees. Within financing cash flows for the secured revolving credit facility are £1.1m (2022: £1.5m) of prepaid facility fees. These are presented within interest paid in the Consolidated Statement of Cash Flows.

## 22 SHARE CAPITAL

Allotted, called up and fully paid shares:

	2023		2022	
	No. m	£ m	No. m	£ m
Ordinary shares of £1 each	<b>200</b>	<b>200</b>	200	200

## 23 LOANS AND BORROWINGS

	2023 £ m	2022 £ m
<b>Secured non-current loans and borrowings at amortised cost</b>		
Securitisation facility	<b>1,441.8</b>	1,441.7
Senior secured notes	<b>590.1</b>	585.9
Bank loans	<b>27.5</b>	35.0
	<b>2,059.4</b>	2,062.6

	2023 £ m	2022 £ m
<b>Current loans and borrowings at amortised cost</b>		
Securitisation facility	<b>50.0</b>	–
Secured revolving credit facility	<b>68.9</b>	73.5
Bank loans	<b>6.9</b>	6.5
	<b>125.8</b>	80.0

	2023 £ m	2022 £ m
<b>Loans and borrowings at nominal value</b>		
Securitisation facility	<b>1,491.8</b>	1,441.7
Senior secured notes	<b>575.0</b>	575.0
Bank loans	<b>34.9</b>	42.1
Secured revolving credit facility	<b>70.0</b>	75.0
	<b>2,171.7</b>	2,133.8

Within the securitisation facility £21.6m (2022: £23.9m) is denominated in Euros and within bank loans £34.9m (2022: £42.1m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

	2023 £ m	2022 £ m
<b>The borrowings are repayable as follows:</b>		
Within one year	<b>125.8</b>	80.0
In the first to second year	<b>238.4</b>	57.4
In the third to fifth year	<b>1,821.0</b>	1,988.2
Over five years	–	7.0
Amount due for settlement after 12 months	<b>2,059.4</b>	2,052.6



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 23 LOANS AND BORROWINGS (CONTINUED)

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

- a. The Group has drawn £1,470.2m (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 (£1,070.9m) and 'AJ' Notes (£139.3m). At the period end, the 'B' Notes (£105.0m) and 'C1' Notes (£105.0m) had an expiry date of January 2025 and the 'C2' Notes (£50.0m) had an expiry date of December 2023. The total facility size is £1,585.0m. Following the end of the period the expiry of the 'B', 'C1' and 'C2' notes was extended to January 2027, see note 35 for further information.
- b. The Group accounts for its senior secured notes of £575.0m at amortised cost. At period end, the amortised cost of the senior secured notes was £590.1m which accrues interest at the effective interest rate of 7.29%. Interest is paid according to the coupon rate of 6.50%. The senior secured notes are due August 2026. The secured revolving credit facility of £150.0m of which £70.0m was drawn down at 1 July 2023 (2022: £75.0m) are due February 2026. Transaction costs associated with the revolving credit facility of £1.9m were prepaid on the statement of financial position and amortised over the debt term. As at the reporting date these total £1.1m (2022: £1.5m) giving an amortised cost value for the facility of £68.9m (2022: £73.5m).
- c. The Group has an Irish securitisation facility against which it has drawn down £21.6m (2022: £23.9m), secured by a charge over certain eligible trade debtors of the Group and at 1 July 2023 had an expiry of December 2024, with maximum commitments of €35.0m. Following the end of the period the expiry of the facility was extended to July 2026, see note 35 for further information.
- d. The Group subsidiary Primevere Equipment Limited holds a bank loan denominated in Euros, which had a carrying value of £34.4m (2022: £41.5m). Regular payments are made against this loan, which is expected to be fully settled in February 2028.

	2023 %	2022 %
<b>The weighted average interest rates paid were as follows:</b>		
Secured revolving credit facility	<b>4.47</b>	3.49
Securitisation facility – UK	<b>6.04</b>	3.25
Securitisation facility – Ireland	<b>4.26</b>	2.50
Senior secured notes	<b>6.50</b>	6.50
Bank loans	<b>0.56</b>	0.56

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note (see note 29).

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

## 24 PENSION AND OTHER SCHEMES

## DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution pension scheme for all employees; the Shop Direct Group Personal Pension Plan. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £8.1m (2022: £8.0m). The defined contribution scheme is in compliance with employer pension duties in accordance with part 1 of the Pensions Act 2008, including auto enrolment requirements. Contributions to the defined contribution schemes are charged to the income statement.

Contributions totalling £0.6m (2022: £0.6m) were payable to the scheme at the end of the period and are included in creditors.

## DEFINED BENEFIT PENSION SCHEMES

There are three main elements of the defined benefit pension schemes, namely the Scheme, UURBS and Ex-gratia, which are set out and defined below. A combined summary of these elements is shown below.

	2023 £ m	2022 £ m
UURBS and Ex-gratia – present value of scheme liabilities	<b>(1.2)</b>	(1.3)
Scheme – defined benefit pension scheme deficit	–	–
Retirement benefit obligations	<b>(1.2)</b>	(1.3)
Scheme – amounts taken to the Statement of comprehensive income	<b>1.9</b>	10.2
UURBS and Ex-gratia – amounts taken to the statement of comprehensive income	<b>0.1</b>	0.3
Gain recognised in the statement of comprehensive income	<b>2.0</b>	10.5

## THE LITTLEWOODS PENSIONS SCHEME ('SCHEME')

The Littlewoods Pensions Scheme ('Scheme'), which is a defined benefit arrangement based on final pensionable salaries, is set up under trust and the assets of the scheme are held separately from those of the Company. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed by the parent undertaking and all other Shop Direct Holdings Limited Group companies and the Scheme Trustee. The Scheme was closed to new entrants with effect from 1 October 2001 and is closed to future accrual.

From 1 October 2001, certain employees of the Company were eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the Company contribute.

In May 2018, the Trustee invested in a bulk annuity policy with Scottish Widows and in July 2020 made a second investment in a bulk annuity policy with Rothery Life. This means close to 100% of the Scheme's assets are now invested in these two buy-ins covering all outstanding pension benefits payable.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## THE LITTLEWOODS PENSIONS SCHEME ('SCHEME') (CONTINUED)

On 19 August 2020 and 15 June 2021, formal agreements were reached between the Group and the Trustees of The Littlewoods Pensions Scheme ('Scheme') with regards to future Company Scheme contribution obligations. Both agreements had been documented in revised Schedules of Contributions. The initial agreement allowed for a single future contribution of £18.7m payable on or before 31 August 2021 which was then reduced to a single contribution of £9.4m payable on or before 31 January 2022 by the second agreement.

On 21 December 2021, a further agreement was reached with regards to the 31 January 2022 contribution obligation. This was documented in a revised Schedule of Contributions, which allowed for reduction of the scheme deficit to £nil. This agreement reduced the scheme liability to £nil in the prior year.

On 5 and 17 May 2023, a buy-out of the Scheme was completed, and the previously bought-in benefits of the majority of pensioner members were successfully converted to buy-out status. Individual annuities were issued to the departing pensioner members under the terms of the contracts with the insurers. As such, the related liability has been removed from the Group's balance sheet.

## RECONCILIATION OF SCHEME ASSETS AND LIABILITIES TO ASSETS AND LIABILITIES RECOGNISED

The amounts recognised in the statement of financial position are as follows:

	2023 £ m	2022 £ m
Fair value of scheme assets	18.2	1,020.1
Present value of scheme liabilities	–	(980.5)
	18.2	39.6
Restrictions on asset recognised	(18.2)	(39.6)
IFRIC 14 liability	–	–
Defined benefit pension scheme deficit	–	–

The reduction in the Scheme liability in the prior period was due to the revised Schedule of Contributions as noted above.

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## SCHEME ASSETS

Changes in the fair value of scheme assets are as follows:

	2023 £ m	2022 £ m
Fair value at start of period	1,020.1	1,398.9
Interest income	38.7	26.0
Return on plan assets, excluding amounts included in interest expense	(162.3)	(337.4)
Settlement payments	(831.1)	–
Benefits paid	(45.4)	(65.8)
Administrative expenses paid from plan assets	(1.8)	(1.6)
Fair value at end of period	18.2	1,020.1

## ANALYSIS OF ASSETS

The major categories of scheme assets are as follows:

	2023 £ m	2022 £ m
Cash and cash equivalents	18.2	39.9
Assets held by insurance company	–	980.2
	18.2	1,020.1

The bulk annuity policy assets are equal to the value of the insured pensioner liabilities on an IAS 19 basis as at 1 July 2023.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## SCHEME LIABILITIES

Changes in the present value of scheme liabilities are as follows:

	2023 £ m	2022 £ m
Present value at start of period	980.5	1,368.3
Interest cost	37.2	25.4
Benefits paid	(45.4)	(65.8)
Settlement from plan assets	(831.1)	–
Actuarial gains	(141.2)	(347.4)
Present value at end of period	–	980.5

## PRINCIPAL ACTUARIAL ASSUMPTIONS

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2023	2022
Rate of increase in pensions in payment if RPI 5%	3.2%	3.2%
Rate of increase in pensions in payment if RPI 2.5%	2.1%	2.1%
Discount rate	5.4%	3.9%
Rate of increases in pensions in deferment	2.5%	2.5%
RPI inflation assumption	3.5%	3.5%
CPI inflation assumption	3.0%	2.8%
Mortality	107% SPA07M CMI 2017 1.75%	107% SPA07M CMI 2017 1.75%

The discount rate for the Scheme is determined by reference to market yields of high-quality corporate bonds of suitable currency and term to the Scheme cash flows and extrapolated based on the trend observable in corporate bond yields to produce a single equivalent discount rate.

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## POST RETIREMENT MORTALITY ASSUMPTIONS

	2023 Years	2022 Years
Current UK pensioners at retirement age – male	22.7	22.6
Current UK pensioners at retirement age – female	24.1	24.1
Future UK pensioners at retirement age – male	24.4	24.3
Future UK pensioners at retirement age – female	25.8	25.7

## AMOUNTS RECOGNISED IN THE INCOME STATEMENT

	2023 £ m	2022 £ m
<b>Amounts recognised in income statement</b>		
Current service cost	–	–
Administrative expenses	(1.8)	(1.6)
<b>Amounts recognised in finance income or costs</b>		
Net interest	(0.1)	–
Total recognised in the income statement	(1.9)	(1.6)

## AMOUNTS TAKEN TO THE STATEMENT OF COMPREHENSIVE INCOME

	2023 £ m	2022 £ m
Return on plan assets, excluding amounts included in interest income	(162.3)	(337.4)
Actuarial losses from changes in financial assumptions	155.4	361.0
Actuarial gains from experience adjustments	(14.2)	(13.7)
Adjustments for restrictions on the defined benefit asset	23.0	0.3
Amounts recognised in the statement of comprehensive income	1.9	10.2

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. There has been no change in the processes used by the Group to manage its risks from prior periods.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## UURBS AND EX-GRATIA

There is an unfunded unapproved retirement benefit arrangement ('UURBS') which provides a benefit on retirement equal to the additional pension the member would have accrued had they not been subject to the Earnings Cap in the Littlewoods Pensions Scheme and the Shop Direct Group Limited Pension Plan. The Group makes benefit payments directly as they fall due.

An ex-gratia arrangement was originally set up to provide a benefit at retirement to employees who were not members of the GUS Pension Scheme. During 1998, GUS introduced a new money purchase scheme. All employees not already members of the final salary scheme were invited to join and those who did ceased accrual within the ex-gratia arrangement; the remainder continue to accrue benefits. No new employees have been granted membership of the ex-gratia arrangement since the introduction of the GUS Money Purchase Scheme in 1998. The arrangement is unfunded and provides a lump sum on retirement for employees in service at that time. The Group makes benefit payments directly as they fall due.

## Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2023 £ m	2022 £ m
Present value of scheme liabilities	(1.2)	(1.3)

## Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2023 £ m	2022 £ m
Present value at start of period	1.3	1.6
Interest cost	–	0.1
Liabilities extinguished on settlements	–	(0.1)
Actuarial gains	(0.1)	(0.3)
Present value at end of period	1.2	1.3

## 24 PENSION AND OTHER SCHEMES (CONTINUED)

## UURBS AND EX-GRATIA (CONTINUED)

## Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are materially the same as disclosed above for the Scheme.

	2023 £ m	2022 £ m
<b>Amounts recognised in operating profit</b>		
Recognised in arriving at operating profit	–	0.1
<b>Amounts recognised in finance income or costs</b>		
Net interest	–	(0.1)
Total recognised in the income statement	–	–

## Amounts taken to the statement of comprehensive income

	2023 £ m	2022 £ m
Actuarial gains	0.1	0.3

## 25 PROVISIONS

	Restructuring £ m	Regulatory £ m	Total £ m
At 3 July 2022	6.7	3.7	10.4
Increase in provisions	3.2	2.9	6.1
Provisions released	(1.4)	–	(1.4)
Provisions utilised	(4.6)	(2.2)	(6.8)
<b>At 1 July 2023</b>	<b>3.9</b>	<b>4.4</b>	<b>8.3</b>
Non-current	1.3	3.0	4.3
Current	2.6	1.4	4.0
	<b>3.9</b>	<b>4.4</b>	<b>8.3</b>

£2.6m of the restructuring provision is expected to be utilised within 12 months from the balance sheet date whilst the remaining provision of £1.3m is expected to be fully utilised after 12 months.

The regulatory provision reflects the estimated cost of all historical shopping insurance claims and associated processing costs. £1.4m of this provision is expected to be utilised within 12 months from the reporting date whilst the remaining provision of £3.0m is expected to be fully utilised after 12 months.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 26 TRADE AND OTHER PAYABLES

	2023 £ m	2022 £ m
Trade payables	390.4	414.7
Accrued expenses	83.8	73.7
Social security and other taxes	15.2	14.3
Amounts due to Group undertakings	0.1	–
Other payables	48.4	14.9
	<b>537.9</b>	517.6

The Directors consider that the carrying amount of trade payables approximates to their fair value.

No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that payables are paid within agreed credit terms.

Amounts owed under supplier and inventory financing arrangements included within trade payables and other payables above amounted to £39.0m (2022: £0.1m). The cash flows associated with these arrangements are included within 'movements in trade and other payables' and 'interest paid' in the Consolidated Cash Flow Statement.

## 27 DEFERRED INCOME

	2023 £ m	2022 £ m
At start of the period	69.6	75.0
Released to the income statement	(24.9)	(21.4)
Accrued in the period	15.1	16.0
At end of the period	59.8	69.6
Non-current	23.4	25.2
Current	36.4	44.4
	<b>59.8</b>	69.6

Deferred income relates to deferred interest income on sales where interest is recognised over the sales term.

## 28 COMMITMENTS

## CAPITAL COMMITMENTS

Capital commitments include expenditure on tangible and intangible assets. The total amount contracted for but not provided in the financial statements was £5.7m (2022: £5.4m).

## OTHER FINANCIAL COMMITMENTS

At 1 July 2023, commitments to purchase stock totalled £184.0m (2022: £180.2m) which is considered to be the fair value. The commitments cover a period of 12 months (2022: 12 months).

At 1 July 2023, the Group has an annual committed cost of £1.8m (2022: £nil) as part of ongoing inventory financing arrangements.

The Group has in place contracts for the provision of outsourced service functions. At 1 July 2023, the annual committed cost under these contracts is £36.5m (2022: £35.4m). These contracts expire in 2025 and 2030.

## 29 FINANCIAL INSTRUMENTS

## FINANCIAL ASSETS

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

## Financial assets at fair value through profit or loss

	Nominal value		Fair value	
	2023 £ m	2022 £ m	2023 £ m	2022 £ m
Forward contracts	160.2	104.1	(3.5)	5.1

See note 17 for details of the valuation methods and assumptions of these derivatives. The maturity dates for these derivatives range from July 2023 to September 2024. Derivative financial instruments have been classified as level 2 financial assets.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 29 FINANCIAL INSTRUMENTS (CONTINUED)

## FINANCIAL ASSETS (CONTINUED)

## Financial assets at amortised cost

	Carrying value		Fair value	
	2023 £ m	2022 £ m	2023 £ m	2022 £ m
Cash and cash equivalents	39.6	43.4	39.6	43.4
Trade receivables	1,450.6	1,394.1	1,450.6	1,394.1
	<b>1,490.2</b>	<b>1,437.5</b>	<b>1,490.2</b>	<b>1,437.5</b>

## VALUATION METHODS AND ASSUMPTIONS

The carrying amounts of financial assets are recorded at amortised cost in the financial statements approximate to their fair values.

The average credit period given to customers for the sale of goods is 247 days (2022: 237 days).

## FINANCIAL LIABILITIES

## Financial liabilities at amortised cost

	Carrying value		Fair value	
	2023 £ m	2022 £ m	2023 £ m	2022 £ m
Trade payables	390.4	414.7	390.4	414.7
Borrowings	2,185.2	2,142.6	2,185.2	2,142.6
Lease liabilities	96.5	97.9	96.5	97.9
	<b>2,672.1</b>	<b>2,655.2</b>	<b>2,672.1</b>	<b>2,655.2</b>

## VALUATION METHODS AND ASSUMPTIONS

The carrying amounts of financial liabilities are recorded at amortised cost in the financial statements approximate to their fair values. The average credit period taken for trade payables is 89 days (2022: 95 days).

## 30 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS

## FINANCIAL RISK MANAGEMENT OBJECTIVES

The financial risks facing the Group include credit risk, liquidity risk, currency risk and cash flow interest rate risk. The Group seeks to minimise the effects of certain of these risks by using derivative financial instruments to hedge these risk exposures as governed by the Group's policies. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's treasury policies and procedures are periodically reviewed and approved by the Executive Committee.

## CREDIT RISK AND IMPAIRMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Investments of cash surpluses, borrowings and derivative financial instruments are made through banks that are approved by the Board.

All applications for a credit account from new customers are assessed through policy rules, credit scorecards and an affordability assessment, using credit bureau data, internal data from previous applications and existing accounts, customer data and cohort-based customer expenditure info. This determines whether they are accepted for an account, what the credit limit is and also the APR assigned.

Customer debit balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts. The concentration of credit risk is limited due to the customer base being large and unrelated. No individual customer balance exceeded one percent of gross trade receivables at any one time during the period.

## LIQUIDITY RISK

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 23 is a description of the facilities that the Group has at its disposal and details of the Group's remaining contractual maturity for its non-derivative financial liabilities.

The following are the contractual maturities at the balance sheet date of the Group's financial liabilities:

	2023 £ m Carrying Amount	2023 £ m Contractual Cash Flows	2023 £ m 1 year or less	2023 £ m 1 to 2 years	2023 £ m 2 to 5 years	2023 £ m Over 5 years
Trade payables	390.4	390.4	390.4	–	–	–
Borrowings	2,185.2	2,909.9	298.5	412.1	2,199.3	–
Lease liabilities	96.5	154.9	12.3	12.3	34.7	95.6

Post year end, the expiry date of the securitisation facility that is presented above as a contractual cash flow in 1 year or less and 1 to 2 years was extended, and so whilst the classification above reflects the position at the balance sheet date, this balance is no longer due to repaid within the next 12 months. Further detail is provided in notes 23 and 35.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

30 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)  
LIQUIDITY RISK (CONTINUED)

	2022 £ m	2022 £ m	2022 £ m	2022 £ m	2022 £ m	2022 £ m
	Carrying Amount	Contractual Cash Flows	1 year or less	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	414.7	414.7	414.7	–	–	–
Borrowings	2,142.6	2,447.3	187.6	164.1	2,088.6	7.0
Lease liabilities	97.9	44.9	10.7	11.4	22.8	–

## FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments for the purchase of overseas sourced products on a rolling 18 month basis. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

## FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group's principal foreign currency exposures are to US Dollar, which it uses to purchase inventory and Euros due to the Group holding a bank loan in Euros. The table below illustrates the hypothetical sensitivity of the Group's reported loss (2022: profit) and closing equity if a 10% increase and decrease in the US Dollar/Sterling exchange rates and Euro/Sterling exchange rates at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the Directors' assessment of a reasonable possible change, based on historic volatility.

	Income Statement		Equity	
	2023 £ m	2022 £ m	2023 £ m	2022 £ m
Sterling strengthens by 10% against USD	1.2	1.0	1.2	1.0
Sterling weakens by 10% against USD	(1.4)	(1.2)	(1.4)	(1.2)
Sterling strengthens by 10% against Euro	3.3	3.9	3.3	3.9
Sterling weakens by 10% against Euro	(4.0)	(4.8)	(4.0)	(4.8)

## INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk, as entities in the Group borrow funds at floating interest rates. The Group treasury team is responsible for monitoring exposure to this risk and securing sufficient liquidity to meet foreseeable needs.

30 FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)  
INTEREST RATE SENSITIVITY ANALYSIS

The Group uses securitisation to fund a significant portion of our receivables book and have a rolling three-year funding programme with a fixed margin over SONIA. The table below illustrates the hypothetical sensitivity of the Group's reported loss (2022: profit) and closing equity to a 3.0% increase or decrease in the SONIA rate, assuming all other variables were unchanged. The sensitivity rate of 3.0% represents the Directors' assessment of a reasonably possible change based on historical movements.

In preparing the analysis the following assumptions have been made:

- For floating rate assets and liabilities, the amount of the asset or liability outstanding at the reporting date is assumed to have been outstanding for the whole period.
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis.

	Income Statement		Equity	
	2023 £ m	2022 £ m	2023 £ m	2022 £ m
SONIA rate increase 3.0%	(44.8)	(43.3)	(44.8)	(43.3)
SONIA rate decrease 3.0%	44.8	43.3	44.8	43.3

## CAPITAL RISK MANAGEMENT

## Capital components

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents disclosed in note 20 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

## 31 LEASES

## AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023 £ m	2022 £ m
<b>Right-of-use assets:</b>		
Land and buildings	77.0	81.8
Plant and equipment	4.2	2.9
	81.2	84.7





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 31 LEASES (CONTINUED)

## AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

The Group presents lease liabilities as obligations under finance leases in the Consolidated statement of financial position. The amounts included within lease liabilities are as follows:

	2023 £ m	2022 £ m
<b>Lease liabilities:</b>		
Current	5.5	1.1
Non-current	91.0	96.8
	<b>96.5</b>	<b>97.9</b>

The maturity of lease liabilities is included in note 30.

Additions to the right-of-use assets during the financial period ending 1 July 2023 were £2.7m (2022: £2.9m).

Short term lease expense and low value lease expense is disclosed in note 7.

## AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement includes the following amounts relating to leases:

	2023 £ m	2022 £ m
<b>Depreciation charge of right-of-use assets:</b>		
Land and buildings	6.8	6.8
Plant and equipment	1.2	0.6
	<b>8.0</b>	<b>7.4</b>
Interest expense on lease liabilities	<b>7.3</b>	<b>7.9</b>

## 31 LEASES (CONTINUED)

## AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 £ m	2022 £ m
Total cash outflow for leases	<b>11.5</b>	11.6

## LEASING ACTIVITIES

The Group enters into leases for a range of assets, principally relating to property. These property leases, which consist of office buildings and warehouses, have varying terms, renewal rights and escalation clauses, including periodic rent reviews.

## 32 RELATED PARTY TRANSACTIONS

## SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed below.

During the period, Group companies entered into the following transactions with fellow Group companies and related parties who are not members of The Very Group Limited:

	2023 £ m	2022 £ m
<b>Recharged costs</b>		
Yodel Delivery Network Limited	0.2	2.4
Arrow XL Limited	–	1.0
	<b>0.2</b>	<b>3.4</b>

	2023 £ m	2022 £ m
<b>Purchase of services</b>		
Yodel Delivery Network Limited	(83.6)	(80.2)
Arrow XL Limited	(38.6)	(37.9)
Trenport Property Holdings Limited	(0.6)	(0.6)
Shop Direct Holdings Limited	(10.3)	(7.2)
	<b>(133.1)</b>	<b>(125.9)</b>



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 32 RELATED PARTY TRANSACTIONS (CONTINUED)

## SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST (CONTINUED)

At the reporting date, the Group had the following balances outstanding with its fellow Group companies:

	2023 £ m	2022 £ m
<b>Amounts due from fellow Group undertakings</b>		
Shop Direct Holdings Limited	500.5	495.5
Yodel Delivery Network Limited	3.1	5.5
Arrow XL Limited	–	1.2
Primevere Limited	–	8.3
Trenport Property Holdings Limited	8.3	–
	<b>511.9</b>	510.5
	2023 £ m	2022 £ m
<b>Amounts due to fellow Group undertakings</b>		
Arrow XL Limited	0.1	1.2
	<b>0.1</b>	1.2

The amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provision has been made for doubtful debts in respect of the amounts owed by related parties. During the year the balance due from Primevere Limited was transferred to Trenport Property Holdings Limited who are now liable for the outstanding balance.

## 33 CONTINGENT LIABILITIES

During the ordinary course of business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, agents, customers, investors or third parties. This extends to legal and regulatory reviews, challenges, investigations and enforcement actions combined with tax authorities taking a view that is different to the view the Group has taken on the tax treatment in its tax returns.

All such material matters are periodically assessed, with the assistance of external professional advisors, where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established for management's best estimate of the amount required at the relevant balance sheet date. In some cases it may not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters.

## 34 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is VGL Finco Limited. The smallest consolidated set of accounts which contain The Very Group Limited results are Shop Direct Holdings Limited.

The most senior parent entity producing publicly available financial statements is Shop Direct Holdings Limited. These financial statements are available upon request from 4<sup>th</sup> Floor St Albans House, 57- 59 Haymarket, London, England, SW1Y 4QX.

The ultimate controlling party is the Sir David Barclay and Sir Frederick Barclay Family Settlements.

## 35 EVENTS AFTER THE REPORTING PERIOD

On 28 July 2023, the expiry date of the Irish securitisation facility was extended to July 2026 and on 1 September 2023, the expiry dates of the 'B', 'C1' and 'C2' Notes within the UK securitisation facility were extended to January 2027. These amendments do not have a significant impact on the Group's liquidity for the next 18 months to December 2024 and as such these accounts have been prepared on a going concern basis.



## FINANCIAL STATEMENTS

# Statement of Financial Position of the Company

(Registration number: 04730752)

as at 1 July 2023

	Note	1 July 2023 £ m	(Restated)* 2 July 2022 £ m	(Restated)* 3 July 2021 £ m
<b>Assets</b>				
<b>Non-current assets</b>				
Right-of-use assets	39	48.2	55.0	61.7
Investments in subsidiaries	40	632.0	638.9	619.0
Deferred tax assets	41	5.0	3.2	2.0
Trade and other receivables	42	1,789.1	1,578.9	1,067.4
		<b>2,474.3</b>	2,276.0	1,750.1
<b>Current assets</b>				
Trade and other receivables	42	17.4	10.0	508.1
Income tax asset		0.3	0.5	–
		<b>17.7</b>	10.5	508.1
<b>Total assets</b>		<b>2,492.0</b>	2,286.5	2,258.2
<b>Equity</b>				
Share capital	48	(200.0)	(200.0)	(200.0)
Retained earnings		(207.8)	(192.7)	(193.8)
Total equity		<b>(407.8)</b>	(392.7)	(393.8)

	Note	1 July 2023 £ m	(Restated) <sup>6</sup> 2 July 2022 £ m	(Restated) <sup>6</sup> 3 July 2021 £ m
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	45	(88.2)	(96.8)	(105.0)
<b>Current liabilities</b>				
Trade and other payables	44	(1,918.3)	(1,715.2)	(1,660.1)
Loans and borrowings	43	(68.9)	(73.5)	(90.0)
Lease liabilities	45	(8.8)	(8.3)	(7.5)
Income tax liability		–	–	(1.8)
		<b>(1,996.0)</b>	(1,797.0)	(1,759.4)
Total liabilities		<b>(2,084.2)</b>	(1,893.8)	(1,864.4)
<b>Total equity and liabilities</b>		<b>(2,492.0)</b>	(2,286.5)	(2,258.2)

<sup>6</sup> The comparative information has been restated as a result of revaluation of investments, see note 37 for further details.

The profit after taxation for the 52 week period ended 1 July 2023 attributable to the Company amounted to £30.1m (2022: £2.5m). The Company has taken advantage of Section 408 of the Companies Act 2006 and has not published its own income statement.

The financial statements of The Very Group Limited, registered number 04730752, have been approved by the Board and authorised for issue on 25 October 2023 and signed on its behalf by:

**B P FLETCHER**  
DIRECTOR



## FINANCIAL STATEMENTS

## Statement of Changes in Equity for the Company

for the 52 week period ended 1 July 2023

	Share capital £ m	Retained earnings £ m	Total £ m
At 4 July 2021 (as previously reported)	200.0	388.1	<b>588.1</b>
Impact of investment impairment <sup>6</sup>	–	(194.3)	<b>(194.3)</b>
Restated balance at 4 July 2021 <sup>6</sup>	200.0	193.8	<b>393.8</b>
Profit for the period	–	2.5	<b>2.5</b>
Total comprehensive income for the period	–	2.5	<b>2.5</b>
Liquidation of investments	–	1.5	<b>1.5</b>
Revaluation of investments <sup>6</sup>	–	19.9	<b>19.9</b>
Dividends paid to parent company	–	(25.0)	<b>(25.0)</b>
Restated balance at 2 July 2022 <sup>6</sup>	200.0	192.7	<b>392.7</b>
	Share capital £ m	Retained earnings £ m	Total £ m
Restated balance at 3 July 2022 <sup>6</sup>	200.0	192.7	<b>392.7</b>
Profit for the period	–	30.1	<b>30.1</b>
Total comprehensive income for the period	–	30.1	<b>30.1</b>
Dividends paid to parent company	–	(15.0)	<b>(15.0)</b>
<b>At 1 July 2023</b>	<b>200.0</b>	<b>207.8</b>	<b>407.8</b>

<sup>6</sup> The comparative information has been restated as a result of revaluation of investments, see note 37 for further details.

## Notes to the Financial Statements

for the 52 week period ended 1 July 2023

## 36 SIGNIFICANT ACCOUNTING POLICIES

## BASIS OF ACCOUNTING

The Very Group Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The Company is the parent undertaking of the Group and also prepares consolidated financial statements. The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement and certain disclosure requirements in respect of related party transactions with wholly owned subsidiaries, capital management disclosures, financial instruments and leases. Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements. The accounts are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday. In the current financial period this was the 52 week period to Saturday 1 July 2023 (2022: 52 week period to Saturday 2 July 2022).

There are no critical judgements or estimates.

## INVESTMENTS

Investments in subsidiary undertakings are included in the balance sheet at cost on acquisition and are assessed for indicators of impairment on an annual basis. Where appropriate, provision is made for any impairment.

## IMPAIRMENT

The Company's accounting policies in respect of impairment of property, plant and equipment, intangible assets and financial assets are consistent with those of the Group.

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an investment in a subsidiary undertaking is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 36 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## IMPAIRMENT (CONTINUED)

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings. Except for certain loans due in greater than one year, all outstanding receivable balances are repayable on demand and arise from funding provided by the Company to its subsidiaries. The Company deems it unlikely that net receivers of funding would be able to repay loan balances in full at the end of the reporting period if the debt was called upon and in such circumstances the counterparty would either negotiate extended credit terms with the Company or obtain external financing to repay the balance. As such, the expected credit loss is either considered immaterial based on discounting the loan over the extended payment term, or has been calculated by applying a default loss rate based on the actual or proxy credit rating of the counterparty. No change in credit risk is deemed to have occurred since initial recognition for amounts not repayable and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

## 37 PRIOR YEAR RESTATEMENT

During the year, the Company discovered that the value of the investment in Douglas Insurance Limited was being held at a value higher than the asset's estimated recoverable amount, this being the greater of its value in use and its fair value less costs of disposal, and any subsequent reversals of the impairment had not been recognised under IAS 36.

This has been corrected by restating each of the affected financial statement line items in the comparative periods. This correction led to adjustments amounting to a reduction of £174.4m in the investment in subsidiaries recognised in the 2 July 2022 Balance Sheet, with a reduction in opening retained earnings of £194.3m and a gain to the profit and loss of £19.9m.

## 37 PRIOR YEAR RESTATEMENT (CONTINUED)

## IMPACT ON THE COMPANY STATEMENT OF FINANCIAL POSITION

	(As previously reported) 2 July 2022 £ m	Impact of restatement £ m	(Restated) 2 July 2022 £ m
Investments	813.3	(174.4)	<b>638.9</b>
Other assets	1,647.6	–	<b>1,647.6</b>
<b>Total assets</b>	<b>2,460.9</b>	<b>(174.4)</b>	<b>2,286.5</b>
<b>Equity</b>			
Share capital	(200.0)	–	<b>(200.0)</b>
Accumulated deficit	(367.1)	174.4	<b>(192.7)</b>
<b>Equity attributable to owners of the Company</b>	<b>(567.1)</b>	<b>174.4</b>	<b>(392.7)</b>
<b>Total liabilities</b>	<b>(1,893.8)</b>	<b>–</b>	<b>(1,893.8)</b>
<b>Total equity and liabilities</b>	<b>(2,460.9)</b>	<b>174.4</b>	<b>(2,286.5)</b>
<hr/>			
	(As previously reported) 3 July 2021 £ m	Impact of restatement £ m	(Restated) 3 July 2021 £ m
Investments	813.3	(194.3)	<b>619.0</b>
Other assets	1,639.2	–	<b>1,639.2</b>
<b>Total assets</b>	<b>2,452.5</b>	<b>(194.3)</b>	<b>2,258.2</b>
<b>Equity</b>			
Share capital	(200.0)	–	<b>(200.0)</b>
Accumulated (profit)/deficit	(388.1)	194.3	<b>(193.8)</b>
<b>Equity attributable to owners of the Company</b>	<b>(588.1)</b>	<b>194.3</b>	<b>(393.8)</b>
<b>Total liabilities</b>	<b>(1,864.4)</b>	<b>–</b>	<b>(1,864.4)</b>
<b>Total equity and liabilities</b>	<b>(2,452.5)</b>	<b>194.3</b>	<b>(2,258.2)</b>



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 38 PROFIT OF THE COMPANY

The profit on ordinary activities after taxation 52 week period ended 1 July 2023 attributable to the Company amounted to £30.1m (2022: £2.5m). Within the profit for the current period is £33.8m intercompany dividend income received from The Very Group Ireland Limited. The Company has taken advantage of Section 408 of the Companies Act 2006 and has not published its own income statement.

The Company has no employees (2022: none).

The auditor's remuneration for audit and other services is disclosed in note 11 to the consolidated financial statements. For the Company, the auditor's remuneration for the period was £50,000 (2022: £46,000).

## 39 RIGHT-OF-USE ASSETS

	Plant & equipment £ m
<b>Cost</b>	
At 3 July 2022 and 1 July 2023	70.4
<b>Depreciation</b>	
At 3 July 2022	15.4
Charge for the period	6.8
<b>At 1 July 2023</b>	<b>22.2</b>
<b>Carrying amount</b>	
<b>At 1 July 2023</b>	<b>48.2</b>
At 3 July 2022	55.0

## 40 INVESTMENTS

## GROUP SUBSIDIARIES

Details of the Group's subsidiaries as at 1 July 2023 are as below.

The full address of Skyways House is Speke Road, Liverpool, L70 1AB. Unless otherwise stated, all companies are registered in England and Wales.

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
Shop Direct Home Shopping Limited	Retail	Skyways House, L70 1AB	100%	100%
Shop Direct Licensing Limited	Retail	Skyways House, L70 1AB	100%	100%
Littlewoods Clearance Limited <sup>7</sup>	Retail	Skyways House, L70 1AB	100%	100%
Shop Direct Ireland Limited	Retail	Cape House, Westend Office Park, Dublin	100%	100%
Source Direct International Limited	Merchandise sourcing	One Pacific Place, Hong Kong	100%	100%
Very Retail Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Very Shopping Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Very Digital Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Veryie Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
The Veryie Group Ireland Limited	Dormant	Cape House, Westend Office Park, Dublin	100%	100%
Shop Direct Group Sourcing Limited	Dormant	One Pacific Place, Hong Kong	100%	100%
LW Finance Limited <sup>7</sup>	Intermediate holding company	Skyways House, L70 1AB	100%	100%
LW Investments Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%

<sup>7</sup> indicates direct investment of The Very Group Limited



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 40 INVESTMENTS (CONTINUED)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
Littlewoods Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Shop Direct Group Financial Services Limited <sup>7</sup>	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Littlewoods Retail Limited	Intermediate holding company	Skyways House, L70 1AB	100%	100%
Shop Direct Finance Company Limited	Financial services	Skyways House, L70 1AB	100%	100%
Douglas Insurance Limited <sup>7</sup>	Insurance company	Finch House, Isle of Man, IM1 2PS	100%	100%
Primevere Equipment Ltd	Equipment Leasing	Skyways House, L70 1AB	100%	100%
The Very Group Funding PLC <sup>7</sup>	Funding	Skyways House, L70 1AB	100%	100%
Shop Direct Limited	Dormant	Skyways House, L70 1AB	100%	100%
Shop Direct Financial Services Limited	Dormant	Skyways House, L70 1AB	100%	100%
Business Express Network Limited	Dormant	Skyways House, L70 1AB	100%	100%
Littlewoods Direct Recoveries Limited	Dormant	Skyways House, L70 1AB	100%	100%
Woolworths Limited	Dormant	Skyways House, L70 1AB	100%	100%
Woolworths Holdings Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Holdings Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group International Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Finance Limited	Dormant	Skyways House, L70 1AB	100%	100%
Very Group Financial Services Limited	Dormant	Skyways House, L70 1AB	100%	100%
VG Consumer Finance Limited	Financial services	Skyways House, L70 1AB	100%	100%

<sup>7</sup> indicates direct investment of The Very Group Limited

## 40 INVESTMENTS (CONTINUED)

## SUMMARY OF THE COMPANY INVESTMENTS

	2023 £ m	2022 £ m	2021 £ m
Investments in subsidiaries	632.0	638.9	619.0

Subsidiaries £ m

## Cost

At 4 July 2021, 2 July 2022 and 1 July 2023 1,254.4

## Provision

Restated balance at 4 July 2021<sup>6</sup> 635.4Reversal of impairment<sup>6</sup> (19.9)Restated balance at 2 July 2022<sup>6</sup> 615.5

Impairment 6.9

**At 1 July 2023 622.4**

## Carrying amount

**At 1 July 2023 632.0**Restated balance at 2 July 2022<sup>6</sup> 638.9Restated balance at 3 July 2021<sup>6</sup> 619.0<sup>6</sup> The comparative information has been restated as a result of revaluation of investments, see note 37 for further details.

## 41 DEFERRED TAX

## DEFERRED TAX MOVEMENT DURING THE PERIOD:

	At 3 July 2022 £ m	Recognised in income statement £ m	At 1 July 2023 £ m
Accelerated tax depreciation	3.2	1.8	5.0
Net tax assets	3.2	1.8	5.0

Deferred tax asset recognition is based on entity only future taxable profits with deferred tax assets expected to reverse in future periods.



## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

**41 DEFERRED TAX (CONTINUED)**

The Company has recognised deferred tax assets in respect of losses and other temporary differences to the extent that it is probable that there will be future taxable profits against which the losses and other temporary differences can be utilised. The Company has considered their carrying value at each reporting date and concluded that, based on management's estimates, sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets. These estimates are based on forecast future taxable profits.

The Company regards the deferred tax asset in relation to tax losses and other temporary differences as recoverable based on its best estimate of future sources of taxable income.

**42 TRADE AND OTHER RECEIVABLES**

	2023 £ m	2022 £ m
<b>Non-current:</b>		
Amounts owed by subsidiaries	1,288.6	1,083.4
Amounts owed by parent	500.5	495.5
	<b>1,789.1</b>	1,578.9
	2023 £ m	2022 £ m
<b>Current:</b>		
Amounts owed by subsidiaries	17.4	10.0
	<b>17.4</b>	10.0

**43 LOANS AND BORROWINGS**

The underlying currency of the secured revolving credit facility is Sterling. Details of the terms of the facility are included in note 23.

	2023 £ m	2022 £ m
<b>Current loans and borrowings at amortised cost:</b>		
Secured revolving credit facility	68.9	73.5

	2023 £ m	2022 £ m
<b>The borrowings are repayable as follows:</b>		
Within one year	68.9	73.5

	2023 %	2022 %
<b>The weighted average interest rates paid were as follows:</b>		
Secured revolving credit facility	4.47	3.49

**44 TRADE AND OTHER PAYABLES**

	2023 £ m	2022 £ m
Amounts due to subsidiaries	1,918.3	1,714.0
Other creditors	–	1.2
	<b>1,918.3</b>	1,715.2

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.





## FINANCIAL STATEMENTS

## Notes to the financial statements (continued)

for the 52 week period ended 1 July 2023

## 45 LEASES

## AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	2023 £ m	2022 £ m
<b>Right-of-use assets:</b>		
Plant and equipment	48.2	55.0
	<b>48.2</b>	55.0

The Company presents lease liabilities as obligations under finance leases in the statement of financial position. The amounts included within obligations under finance leases are as follows:

	2023 £ m	2022 £ m
<b>Lease liabilities:</b>		
Current	8.8	8.3
Non-current	88.2	96.8
	<b>97.0</b>	105.1

Additions to the right-of-use assets during the financial period ending 1 July 2023 were £nil (2 July 2022: £nil). The total cash outflow for leases during the financial period ending 1 July 2023 was £11.3m (2 July 2022: £11.6m).

Note that the above lease liability value for the parent company includes the assets leased by The Very Group Limited from Primevere Equipment Limited. Within the consolidated Group results for the year, this lease has been eliminated following the acquisition of Primevere Equipment Limited and as such the lease liability within the Group statement of financial position is lower than that as per the parent company statement of financial position. See note 31 for more information.

## 45 LEASES (CONTINUED)

## AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The Income Statement includes the following amounts relating to leases:

	2023 £ m	2022 £ m
<b>Depreciation charge of right-of-use assets:</b>		
Plant and equipment	6.8	6.7
	<b>3.9</b>	4.0

## LEASING ACTIVITIES

The Group enters into leases for a range of assets, principally relating to property. These property leases, which consist of office buildings and warehouses, have varying terms, renewal rights and escalation clauses, including periodic rent reviews. Plant and equipment includes assets leased for use at Skygate.

## 46 AUDIT EXEMPTION

The Company is entitled to exemption from audit for its subsidiaries under Section 479A of the Companies Act 2006 for the 52 week period ended 1 July 2023.

The Directors have applied this exemption for the following subsidiaries:

Company name	Company number
Littlewoods Limited	00262152
LW Finance Limited	04542312
Littlewoods Retail Limited	00421258
LW Investments Limited	04502467
Littlewoods Clearance Limited	00232346

The Very Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the period ended 1 July 2023 in accordance with Section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.



## FINANCIAL STATEMENTS

**Notes to the financial statements (continued)**

for the 52 week period ended 1 July 2023

**47 RELATED PARTY TRANSACTIONS****SUMMARY OF TRANSACTIONS WITH ENTITIES WITH JOINT CONTROL OR SIGNIFICANT INTEREST**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the note. There are no transactions between the Company related parties who are not members of The Very Group Limited.

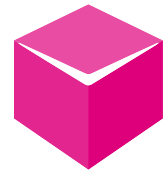
At the reporting date, the Company had the following intercompany loans outstanding with its fellow Group companies outside of The Very Group Limited:

	2023 £ m	2022 £ m
<b>Amounts due from fellow Group undertakings</b>		
Shop Direct Holdings Limited	500.5	495.5
	<b>500.5</b>	495.5

The amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provision has been made for doubtful debts in respect of the amounts owed by related parties. The lease liabilities disclosed in note 44 include £51.5m (2022: £59.0m) due to Primevere Equipment Limited and £45.5m (2022: £46.1m) due to Primevere Limited.

**48 SHARE CAPITAL**

	2023 £ m	2022 £ m
<b>Allotted, called-up and fully paid:</b>		
Ordinary shares of £1 each	200.0	200.0



THE VERY GROUP