REGISTERED NUMBER: 04730752

THE VERY GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the 26 weeks ended 30 December 2023

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INTERIM RESULTS STATEMENT

The Directors present their interim results statement of The Very Group Limited and its subsidiaries ("the Group") for the 26 week period ended 30 December 2023[1].

Review of the business

The Group has delivered a resilient performance in the first half of FY24, with year on year revenue growth of 0.6% to £1,226.6m (Q2 FY23 YTD: £1,219.1m). Our stable Group top line performance has supported the delivery of positive pre-exceptional EBITDA[2] of £130.7m, (Q2 FY23 YTD: £118.7m), an increase of 10.1% year on year. As a result of higher interest costs compared to the prior year, loss before tax for the period stood at £2.0m (Q2 FY23 YTD: profit before tax of £2.1m).

Total revenue

Total revenue increased by 0.6% to £1,226.6m (Q2 FY23 YTD: £1,219.1m) compared with the prior year, despite the tough conditions in the market.

Within total revenue, our flagship brand Very UK represents 86% of sales (Q2 FY23 YTD: 85%) and saw an increase in revenue of 2.7% to £1,058.1m compared with the prior year (Q2 FY23 YTD: £1,029.8m). Littlewoods revenue declined 12.5% to £128.9m (Q2 FY23 YTD: £147.3m), which is in line with expectations as the managed decline strategy for this brand continues.

Retail sales

Retail sales performance was robust and resilient in the face of challenging market conditions. Very UK retail sales increased 1.2% year on year compared with Q2 FY23 YTD, whilst Group retail sales[4] decreased year on year by 0.5%, which remains ahead of the wider market[3] and increases our share.

Toys, Gifts & Beauty was an area of strategic focus in FY23 as we invested in stock and pricing. The benefit of this investment continued in the first half of FY24, with growth of 4.3% at a Group level, and 7.0% for Very UK. There were particularly strong sales in certain key categories, with growth of 28.8% for personal care, 8.4% for toys and 14.7% for fragrance, partially offset by a decline in sale of gifts (all figures for Very UK).

Group Electrical sales increased 2.5% year on year, and we saw an increase of 3.9% at a Very UK level. This was driven by gaming sales and growth in the sale of small domestic appliances. Electrical remains our largest category at 45.0% of Group retail sales.

Group Fashion & Sports retail sales declined by 5.9% year on year and saw a decline of 5.0% at a Very UK level, representing a slowing of the decline seen in previous quarters. This decline was driven by a heavily promotional environment for Fashion. Premium fashion however performed well year on year, with growth of 18.4%.

Group Home retail sales declined 3.0%, with Very UK home sales falling by 0.6%, partly due to a decline in Home textiles sales. Additionally, gardening sales were adversely impacted by unpredictable weather, however offsetting this was an increase in furniture & bed sales.

1 Q2 FY24 YTD is the 26 weeks ended 30 December 2023. Q2 FY23 YTD is the 26 weeks ended 31 December 2022.

2 Pre-exceptional EBITDA is defined on page 4 of the Financial Statements.

3 Based on third-party market data for the total UK online non-food market.

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

INTERIM RESULTS STATEMENT (continued)

Very Pay revenue

Very Pay revenue (rendering of services) for the Group increased by 2.7% to £216.4m compared with the prior year (Q2 FY23 YTD: £210.7m). This reflects growth in the Group's average debtor book of 3.1%, within which we saw growth of 5.5% for Very UK. Group interest income, which accounts for the majority of total Very Pay revenue, increased by 6.1%. Interest income as a percentage of the average debtor book increased by 0.3%pts to 11.5% (Q2 FY23 YTD: 11.2%).

Gross profit and costs

In Q2 FY24, we delivered £410.0m of gross profit (Q2 FY23 YTD: £401.8m), corresponding to a statutory gross margin rate of 33.4%, an increase of 0.4%pts from last year. This increase is despite annualising against a one-off £10.7m benefit through recovered VAT in FY23 and reflects the growing contribution of Very Pay. The margin is further supported by higher delivery income on the back of strategic changes in our delivery proposition.

Gross margin is also impacted by bad debt, which as a percentage of the average debtor book decreased by 0.7%pts year on year. Notably, our bad debt remains much lower than that seen pre-pandemic and remains an area of continued focus and risk management.

Our overall operating cost base (excluding depreciation, amortisation and exceptionals) has decreased 0.4%pts year on year as a percentage of revenue to 22.9% (Q2 FY23: 23.3%). Within this, distribution expenses decreased by £5.1m to £116.1m (Q2 FY23 YTD: £121.2m). This represents 9.5% as a percentage of revenue, a reduction of 0.4%pts compared with last year despite inflationary pressures. Administrative costs increased slightly by £1.6m to £164.6m (Q2 FY23 YTD: £163.0m), reflecting the phasing of marketing as we increased activity in the first part of Q1 FY24, as well as increased spend on tech year on year.

Pre-exceptional EBITDA

Pre-exceptional EBITDA[2] increased 10.1% to £130.7m for Q2 FY24 YTD (Q2 FY23 YTD: £118.7m), despite the ongoing tough market conditions. The increase is also despite annualising against a £10.7m recovered VAT benefit in the prior year. As a percentage of Group sales, the pre-exceptional EBITDA margin[2] increased 1.0%pts to 10.7% (Q2 FY23 YTD: 9.7%).

Finance costs

Net finance costs (before exceptional items) increased to £96.9m (Q2 FY23 YTD: £70.4m) due to increased securitisation interest (owing to both higher SONIA rates as well as the larger debtor book).

Exceptional items

Exceptional costs in the year to date of £11.8m (Q2 FY23 YTD: £16.3m expenditure) include £9.7m spend on our tech acceleration programme, £1.0m of restructuring costs and £1.1m of professional fees. The exceptional costs of £16.3m in the equivalent prior period related solely to the tech programme.

Taxation

The tax charge on the loss before tax for the period is higher than the standard tax rate of 25% for the period largely as a result of transfer pricing adjustments which have not been offset with group relief. The tax charge in the income statement of £1.2m is based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (Q2 FY23 YTD: £nil). For the 26 weeks ended 30 December 2023 the effective tax rate that has been applied is 60.9% (31 December 2022: 0.0%). The tax charge includes a £2.9m credit in relation to exceptional items charged in the period (Q2 FY23 YTD: £3.1m credit).

2 Pre-exceptional EBITDA margin is defined on page 4 of the Financial Statements.

INTERIM RESULTS STATEMENT (continued)

Statement of cash flows

The first half of the year has traditionally been one of cash outflows reflecting the spend to support our retail proposition across the peak trading period. Cash and cash equivalents decreased by £0.8m to £38.8m in the first two quarters of the year, a reduced outflow compared to that seen last year (Q2 FY23 YTD: net cash and cash equivalents decreased by £39.4m to £4.0m).

The cash outflow from operating activities of £99.4m (Q2 FY23 YTD: £40.6m) largely reflects higher interest payments of £94.3m (Q2 FY23 YTD: £63.0m) as well as the movements in working capital, notably through the movements in trade and other receivables and trade and other payables. Movements within trade receivables are partially matched by inflows to the securitisation facility within the financing activities section of the cashflow.

The cash outflows in respect of investment activities, which comprise capital additions for the period of £22.2m, are consistent with prior year (Q2 FY23 YTD: £23.9m) and were across business-as-usual and strategic investments.

The cash inflow from financing activities of £120.8m (Q2 FY23 YTD: inflow of £25.1m) reflects £104.2m of drawings on the securitisation facility and increased drawings of the revolving credit facility of £30m.

Financial position

The decrease in equity of £6.7m to £170.7m (1 July 2023: equity £177.4m, 31 December 2022: equity £194.2m) was driven by a Comprehensive Loss for the period of £2.9m (1 July 2023: loss of £2.2m, 31 December 2022: profit of £3.4m). The remaining movement relates to dividends paid in the period.

Inventory held at 30 December 2023 increased against the 1 July 2023 position to £124.4m (1 July 2023: £105.7m, 31 December 2022: £126.6m), following usual seasonal movements. Trade and other receivables at 30 December 2023 increased against the 1 July 2023 position to £2,461.2m (1 July 2023: £2,197.0m, 31 December 2022: £2,353.1m). The increase compared to the Q2 FY23 position reflects the structural growth of the Very Pay debtor book. The growing debtor book is the result of a compelling retail offer that attracts new customers to our flexible payments business, providing future revenue and profitability through interest income. Trade and other payables at 30 December 2023 increased to £695.7m (1 July 2023: £537.9m, 31 December 2022: £663.3m).

Total provisions at 30 December 2023 have decreased against the 31 December 2022 position to £6.7m (1 July 2023: £8.3m, 31 December 2022: £7.7m). The balance is made up of restructuring and regulatory provisions, of which £2.6m is expected to be utilised within 12 months. The remaining £4.1m is expected to be utilised after 12 months.

Total lease liabilities at 30 December 2023 decreased to £94.0m from the 1 July 2023 position (1 July 2023: £96.5m, 31 December 2022: £96.6m), as the liability has unwound.

Securitisation borrowings increased by 2.8% year on year to £1,571.0m[5] (1 July 2023: £1,470.2m, 31 December 2022: £1,528.1m), driven by the growth in the debtor book. The securitisation borrowings figure includes £25.0m (1 July 2023: £21.6m, 31 December 2022: £26.6m) relating to the balance sheet receivables of Shop Direct Ireland Limited. At 30 December 2023, the total UK securitisation facility size was £1,635.0m. The securitisation facility expires in January 2027 for 'AS' Notes (£1,149.4m), 'AJ' Notes (£161.6m),'B' Notes (£105.0m), 'C1' Notes (£105.0m) and 'C2' Notes (£50.0m). The Ireland facility has a total maximum commitment of €35.0m which expires in July 2026.

A further £31.3m (1 July 2023: £34.4m, 31 December 2022: £39.1m) of loans are denominated in Euros and relate to the debt held by subsidiary Primevere Equipment Limited.

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

INTERIM RESULTS STATEMENT (continued)

Principal risks and uncertainties

The principal risks and uncertainties are as disclosed in the Group's consolidated financial statements for the period ended 1 July 2023.

Going concern

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

Further detail on the going concern position of the Group is included in note 2 to the Financial Statements.

Alternative performance measures

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

Reconciliation of operating profit to pre-exceptional EBITDA

	26 weeks to 30 December 2023	26 weeks to 31 December 2022	52 weeks to 1 July 2023
	£'m	£'m	£'m
Operating profit	94.9	72.5	160.0
Exclusion of exceptional items	11.8	16.3	26.5
Operating profit before exceptional items	106.7	88.8	186.5
Exclusion of depreciation and amortisation	24.0	29.9	60.4
Pre-exceptional EBITDA	130.7	118.7	246.9

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

	26 weeks to 30 December 2023	26 weeks to 31 December 2022	52 weeks to 1 July 2023
	£'m	£'m	£'m
Pre-exceptional EBITDA	130.7	118.7	246.9
Total revenue	1,226.6	1,219.1	2,147.0
Pre-exceptional EBITDA margin	10.7%	9.7%	11.5%

INTERIM RESULTS STATEMENT (continued)

Reconciliation of administrative expenses before amortisation, depreciation and exceptional items

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Administrative expenses	197.9	207.0	383.1
Amortisation charged to administrative expenses	(16.7)	(23.7)	(45.2)
Depreciation charged to administrative expenses	(4.8)	(4.0)	(10.2)
Exceptional items	(11.8)	(16.3)	(26.5)
Administrative expenses before amortisation, depreciation and exceptional items	164.6	163.0	301.2

Reconciliation of distribution costs before amortisation, depreciation and exceptional items

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Distribution costs	118.6	123.4	219.4
Depreciation charged to distribution costs	(2.5)	(2.2)	(5.0)
Distribution costs before amortisation, depreciation and exceptional items	116.1	121.2	214.4

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	26 weeks to 30 December 2023 (unaudited) Pre-exceptional items £'m	Exceptional items (Note 4) £'m	Total £'m	26 weeks to 31 December 2022 (unaudited) Pre-exceptional items £'m	Exceptional items (Note 4) £'m	Total £'m	52 weeks to 1 July 2023 (audited) Pre-exceptional items £'m	Exceptional items (Note 4) £'m	Total £'m
Sale of goods		1,010.2	-	1,010.2	1,008.4	-	1,008.4	1,724.9	-	1,724.9
Rendering of services		216.4	-	216.4	210.7	-	210.7	422.1	-	422.1
Total revenue	3	1,226.6	-	1,226.6	1,219.1	-	1,219.1	2,147.0	-	2,147.0
Cost of sales		(816.6)	-	(816.6)	(817.3)	-	(817.3)	(1,386.7)	-	(1,386.7)
Gross profit		410.0	-	410.0	401.8	-	401.8	760.3	-	760.3
Distribution costs		(118.6)	-	(118.6)	(123.4)	-	(123.4)	(219.4)	-	(219.4)
Administrative costs		(186.1)	(11.8)	(197.9)	(190.7)	(16.3)	(207.0)	(356.6)	(26.5)	(383.1)
Other operating income		1.4	-	1.4	1.1	-	1.1	2.2	-	2.2
Operating profit	3	106.7	(11.8)	94.9	88.8	(16.3)	72.5	186.5	(26.5)	160.0
Finance income		1.4	-	1.4	0.4	-	0.4	1.4	-	1.4
Finance costs		(98.3)	-	(98.3)	(70.8)	-	(70.8)	(156.8)	-	(156.8)
(Loss)/profit before tax		9.8	(11.8)	(2.0)	18.4	(16.3)	2.1	31.1	(26.5)	4.6
Tax (charge)/credit	7	(4.1)	2.9	(1.2)	(3.1)	3.1	-	(15.1)	6.6	(8.5)
(Loss)/profit for the period		5.7	(8.9)	(3.2)	15.3	(13.2)	2.1	16.0	(19.9)	(3.9)

The above results were derived from continuing operations.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	26 weeks to 30 December 2023 (unaudited) £'m	26 weeks to 31 December 2022 (unaudited) £'m	52 weeks to 1 July 2023 (audited) £'m
(Loss)/profit for the period		(3.2)	2.1	(3.9)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement on retirement benefit obligations before tax		-	-	2.0
Income tax effect	7	-	-	-
Other comprehensive income for the period for items that will not be reclassified subsequently to profit or loss		-	-	2.0
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation gain/(loss)		0.3	1.3	(0.3)
Other comprehensive income for the period		0.3	1.3	1.7
Total comprehensive (loss)/income attributable to:				
Equity holders of the company		(2.9)	3.4	(2.2)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 December 2023 (unaudited) £'m	31 December 2022 (unaudited) £'m	1 July 2023 (audited) £'m
Assets				
Non-current assets				
Goodwill		202.5	202.5	202.5
Intangible assets		192.7	173.3	189.2
Property, plant and equipment		66.9	72.4	69.8
Right-of-use assets		77.3	81.6	81.2
Deferred tax assets		179.1	189.2	183.6
Trade and other receivables	6	511.3	506.3	508.8
		1,229.8	1,225.3	1,235.1
Current assets				
Inventories		124.4	126.6	105.7
Trade and other receivables	6	1,949.9	1,846.8	1,688.2
Income tax asset		5.2	3.3	1.2
Cash at bank	10	38.8	4.0	39.6
Derivative financial instruments	5	-	3.3	-
		2,118.3	1,984.0	1,834.7
Total assets		3,348.1	3,209.3	3,069.8

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30 December 2023 (unaudited) £'m	31 December 2022 (unaudited) £'m	1 July 2023 (audited) £'m
Equity				
Share capital	11	(200.0)	(200.0)	(200.0)
Merger reserve		(3.5)	(3.5)	(3.5)
Accumulated deficit		32.8	9.3	26.1
Equity attributable to owners of the company		(170.7)	(194.2)	(177.4)
Non-current liabilities				
Loans and borrowings	9	(616.5)	(620.0)	(617.6)
Securitisation facility[6]	9	(1,596.0)	(1,504.7)	(1,441.8)
Retirement benefit obligations		(1.2)	(1.3)	(1.2)
Deferred income		(25.1)	(27.1)	(23.4)
Lease liabilities		(88.0)	(92.7)	(91.0)
Provisions	8	(4.1)	(4.5)	(4.3)
		(2,330.9)	(2,250.3)	(2,179.3)
Current liabilities				
Trade and other payables		(695.7)	(663.3)	(537.9)
Loans and borrowings	9	(106.0)	(7.1)	(75.8)
Securitisation facility	9	-	(50.0)	(50.0)
Lease liabilities		(6.0)	(3.9)	(5.5)
Deferred income		(35.1)	(37.3)	(36.4)
Provisions	8	(2.6)	(3.2)	(4.0)
Derivative financial instruments	5	(1.1)	-	(3.5)
		(846.5)	(764.8)	(713.1)
Total liabilities		(3,177.4)	(3,015.1)	(2,892.4)
Total equity and liabilities		(3,348.1)	(3,209.3)	(3,069.8)

6 Post FY23 year end, the securitisation facility classed within current liabilities was extended. This balance is no longer due to be repaid within the next 12 months and is classified within non-current liabilities.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'m	Accumulated profit/(deficit) £'m	Merger reserve £'m	Total £'m
Changes in equity for the 26 weeks to 30 December 2023 (unaudited)				
Balance as at 2 July 2023	200.0	(26.1)	3.5	177.4
Loss for the period	-	(3.2)	-	(3.2)
Other comprehensive income	-	0.3	-	0.3
Total comprehensive income	-	(2.9)	-	(2.9)
Dividend paid to parent company	-	(3.8)	-	(3.8)
Balance as at 30 December 2023	200.0	(32.8)	3.5	170.7
Changes in equity for the 26 weeks to 31 December 2022 (unaudited)				
Balance at 3 July 2022	200.0	(8.9)	3.5	194.6
Profit for the period	-	2.1	-	2.1
Other comprehensive income	-	1.3	-	1.3
Total comprehensive income	-	3.4	-	3.4
Dividend paid to parent company	-	(3.8)	-	(3.8)
Balance as at 31 December 2022	200.0	(9.3)	3.5	194.2
Changes in equity for the 52 weeks to 1 July 2023 (audited)				
Balance as at 3 July 2022	200.0	(8.9)	3.5	194.6
Loss for the period	-	(3.9)	-	(3.9)
Other comprehensive income	-	1.7	-	1.7
Total comprehensive loss	-	(2.2)	-	(2.2)
Dividend to parent company	-	(15.0)	-	(15.0)
Balance as at 1 July 2023	200.0	(26.1)	3.5	177.4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	26 weeks to 30 December 2023 (unaudited) £'m	26 weeks to 31 December 2022 (unaudited) £'m	52 weeks to 1 July 2023 (audited) £'m
Cash flows from operating activities			
(Loss)/profit for the period	(3.2)	2.1	(3.9)
Adjustments for:			
Depreciation	7.3	6.2	15.2
Amortisation	16.7	23.7	45.2
Financial instrument net (gains)/losses through profit and loss	(2.4)	1.8	8.6
Finance income	(1.4)	(0.4)	(1.4)
Finance costs	98.3	70.8	156.8
Income tax charge	1.2	-	8.5
Decrease in provisions	(1.6)	(2.7)	(2.1)
Adjustments for pensions	-	-	1.8
Operating cash flows before movements in working capital	114.9	101.5	228.7
(Increase)/decrease in inventories	(18.7)	(14.5)	6.4
(Increase)/decrease in trade and other receivables	(255.9)	(203.7)	(53.8)
Increase/(decrease) in trade and other payables	155.4	139.1	3.2
Cash generated/(utilised) by operations	(4.3)	22.4	184.5
Income taxes paid	(0.8)	-	(0.8)
Interest paid	(94.3)	(63.0)	(138.9)
Net cash (outflows)/inflows from operating activities	**(99.4)**	**(40.6)**	**44.8**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	26 weeks to 30 December 2023 (unaudited) £'m	26 weeks to 31 December 2022 (unaudited) £'m	52 weeks to 1 July 2023 (audited) £'m
Net cash (outflows)/inflows from operating activities	(99.4)	(40.6)	44.8
Cash flows from investing activities			
Acquisitions of property plant and equipment	(0.3)	(1.4)	(1.8)
Acquisitions of intangible assets	(21.9)	(22.5)	(58.3)
Consideration paid from investing activities		-	-
Net cash outflows from investing activities	(22.2)	(23.9)	(60.1)
Cash flows from financing activities			
Payments of lease liabilities	(6.1)	(5.5)	(11.5)
Proceeds from securitisation facility	104.2	113.0	50.1
Proceeds from/(repayments) of secured revolving credit facility	30.0	(75.0)	(5.0)
Repayment of bank loans	(3.5)	(3.6)	(7.1)
Dividends to parent company	(3.8)	(3.8)	(15.0)
Net cash inflows from financing activities	120.8	25.1	11.5
Net decrease in cash and cash equivalents	(0.8)	(39.4)	(3.8)
Opening cash and cash equivalents (Note 10)	39.6	43.4	43.4
Closing cash and cash equivalents (Note 10)	38.8	4.0	39.6

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

These consolidated interim financial statements were approved for issue on 20 February 2024.

2. Summary of accounting policies

Basis of preparation

This condensed set of financial statements for the 26 weeks ended 30 December 2023 should be read in conjunction with the annual financial statements for the 52 week period ended 1 July 2023, which have been prepared in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The interim financial information has been prepared on a going concern basis using accounting policies consistent with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's annual financial statements for the 52 week period ended 1 July 2023.

The financial information included in this set of condensed accounts for the 26 week period ended 30 December 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of those accounts, prepared under United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, has been delivered to the Registrar of Companies for the 52 week period ended 1 July 2023. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group for the 52 weeks ending 29 June 2024 will be prepared in accordance with United Kingdom Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. This condensed set of financial statements has been prepared applying the accounting policies and presentation that will be applied in the preparation of the Group's consolidated financial statements for the 52 weeks ending 29 June 2024.

The financial statements are drawn up to Saturday 30 December 2023 for the current 26 week period. The financial information for the comparative periods relates to the 26 week period ended Saturday 31 December 2022 and the 52 week period ended Saturday 1 July 2023.

New standards, interpretations and amendments not yet effective

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

Full details of the Group's critical accounting judgements and key sources of estimation uncertainty are included in the Group's consolidated financial statements for the 52 week period ended 1 July 2023. There have been no changes to the Group's critical accounting judgements and key sources of estimation uncertainty in the 26 weeks ended 30 December 2023.

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.

As part of the FY23 Annual Report and Accounts process, the Directors considered recent media speculation around the financing of the wider shareholder group of which The Very Group is part.

The Directors have considered the Group's cash flows and banking covenants for the 18 months from the reporting date of these financial statements. Given the current uncertain economic climate, realistic assumptions for working capital performance have been used to determine the level of financial resources available to the Group and to assess liquidity risk. The key risk identified for these assumptions is the impact that a deterioration in the economic climate would have on margins and the debtor book.

Accordingly, the directors have applied reasonable downside sensitivity analysis around reductions in gross margin, changes to the Group's working capital position and an increase in interest rates. The Directors have also considered seasonality and the mitigating actions available in their base and stress scenarios.

Following the work undertaken, the Directors are confident that the Group has sufficient liquidity for the period to June 2025. After making appropriate enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

3. Segmental analysis

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

By business segment

Analysis of revenue:	**26 weeks to 30 December 2023 £'m**	**26 weeks to 31 December 2022 £'m**	**52 weeks to 1 July 2023 £'m**
Very UK	1,058.1	1,029.8	1,824.1
Littlewoods UK	128.9	147.3	253.8
Very Ireland	39.6	42.0	69.1
	1,226.6	1,219.1	2,147.0
Gross profit	410.0	401.8	760.3
Distribution costs excluding depreciation and exceptionals	(116.1)	(121.2)	(214.4)
Administrative costs excluding depreciation, amortisation and exceptionals	(164.6)	(163.0)	(301.2)
Other operating income	1.4	1.1	2.2
Pre-exceptional EBITDA*	130.7	118.7	246.9
Exceptional items	(11.8)	(16.3)	(26.5)
Depreciation	(7.3)	(6.2)	(15.2)
Amortisation	(16.7)	(23.7)	(45.2)
Operating profit	94.9	72.5	160.0
Finance income	1.4	0.4	1.4
Finance costs	(98.3)	(70.8)	(156.8)
(Loss)/profit before taxation	(2.0)	2.1	4.6

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

The analysis above is in respect of continuing operations.

By geographical location of destination

	26 weeks to 30 December 2023 £'m	**26 weeks to 31 December 2022 £'m**	**52 weeks to 1 July 2023 £'m**
Revenue:			
United Kingdom	1,187.0	1,177.1	2,077.9
Republic of Ireland	39.6	42.0	69.1
	1,226.6	1,219.1	2,147.0

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Operating profit:			
United Kingdom	92.1	69.7	153.9
Republic of Ireland	2.8	2.8	6.1
	94.9	72.5	160.0

The analysis above is in respect of continuing operations.

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

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

4. Exceptional items before tax

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Technical transformation spend	9.7	16.3	21.3
Restructuring costs	1.0	-	4.2
Property strategy costs	-	-	0.8
Impairment reversal of right of use assets	-	-	(1.8)
Release of site closure provision	-	-	(0.8)
Professional fees for corporate projects	1.1	-	2.8
Total exceptional costs	11.8	16.3	26.5

Progress continues on our multi-year technical transformation program, which involves moving a significant portion of the Group's current on-premises technology to the cloud by December 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, £9.7m of costs have been classified as exceptional in relation to spend incurred on this program during the current period (26 week period ended 31 December 2022: £16.3m, 52 week period ended 1 July 2023: £21.3m).

The restructuring costs of £1.0m in the current period (£4.2m for the 52 week period ended 1 July 2023) reflect expenditure on the rationalisation of processes and functions within The Very Group.

Professional fees of £1.1m in the current period (£2.8m for the 52 week period ended 1 July 2023) relate to costs incurred in relation to corporate projects.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Exceptional items before tax (continued)

In the 52 week period ended 1 July 2023, property strategy costs of £0.8m were incurred relating to a series of property changes made by the Group. Such changes include the closure of the Group's Lightbox site, the re-opening of Aintree and the re-location of operations across the property portfolio.

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

The £0.8m release of the site closure provision in the 52 week period ended 1 July 2023 also related 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 was no longer required following the site re-opening.

5. Derivative financial instruments

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

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

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

	30 December 2023 £'m	**31 December 2022 £'m**	**1 July 2023 £'m**
Notional amount – Sterling contract value	102.9	124.4	160.2
Fair value of asset/(liability) recognised	(1.1)	3.3	(3.5)

Changes in the fair value of derivative financial instruments amounted to a gain of £2.4m in the period (period to 31 December 2022: loss of £1.8m, period to 1 July 2023: loss of £8.6m), which is included in administrative expenses and finance costs.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade and other receivables

Non-current:	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Amounts owed by group undertakings (note 12)	511.3	506.3	508.8

Current:	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Trade receivables	1,654.3	1,577.1	1,450.6
Amounts owed by group undertakings (note 12)	6.5	3.8	3.1
Prepayments	216.4	199.3	173.2
Other receivables	72.7	66.6	61.3
	1,949.9	1,846.8	1,688.2
Total trade and other receivables	2,461.2	2,353.1	2,197.0

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

	30 December 2023 £'m	Restated[7] 31 December 2022 £'m	1 July 2023 £'m
Gross trade receivables	1,908.6	1,859.0	1,706.7
Refund liabilities	(41.5)	(51.4)	(39.5)
Net customer receivables	1,867.1	1,807.6	1,667.2
Allowance for bad debts	(212.8)	(230.5)	(216.6)
Net trade receivables	1,654.3	1,577.1	1,450.6

7 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Income tax

Income tax expense is recognised based on management's best estimate of the full year effective tax rate based on estimated full year profits. For the 26 week period ended 30 December 2023 the effective tax rate that has been applied is 60.9% (31 December 2022: 0.0%).

The tax charge on the loss before tax for the period is higher than the standard tax rate of 25% for the period largely as a result of transfer pricing adjustments which have not been offset with group relief.

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.

8. Provisions

	Restructuring £'m	Regulatory £'m	Total £'m
At 2 July 2023	3.9	4.4	8.3
Increase in provisions	0.7	-	0.7
Provisions released	(0.3)	-	(0.3)
Provisions utilised	(1.0)	(1.0)	(2.0)
At 30 December 2023	3.3	3.4	6.7
Non-current	1.1	3.0	4.1
Current	2.2	0.4	2.6
	3.3	3.4	6.7

£2.2m of the restructuring provision is expected to be utilised within 12 months. The remaining £1.1m is expected to be held until 2025 at which point previous contractual commitments will no longer be in place.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Provisions (continued)

	Restructuring £'m	Regulatory £'m	Total £'m
At 3 July 2022	6.7	3.7	10.4
Increase in provisions	-	-	-
Provisions released	-	-	-
Provisions utilised	(2.4)	(0.3)	(2.7)
At 31 December 2022	4.3	3.4	7.7
Non-current	1.5	3.0	4.5
Current	2.8	0.4	3.2
	4.3	3.4	7.7

	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)
At 1 July 2023	3.9	4.4	8.3
Non-current	1.3	3.0	4.3
Current	2.6	1.4	4.0
	3.9	4.4	8.3

9. Loans and borrowings

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Secured non-current loans and borrowings at amortised cost			
Securitisation facility	1,596.0	1,504.7	1,441.8
Senior secured notes	592.0	588.0	590.1
Bank loans	24.5	32.0	27.5
	2,212.5	2,124.7	2,059.4

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Loans and borrowings (continued)

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Current loans and borrowings at amortised cost			
Securitisation facility	-	50.0	50.0
Secured revolving credit facility	99.1	-	68.9
Bank loans	6.9	7.1	6.9
	106.0	57.1	125.8

Within the securitisation facility £25.0m (31 December 2022: £26.6m, 1 July 2023: £21.6m) is denominated in Euros and within bank loans £31.3m (31 December 2022: £39.1m, 1 July 2023: £34.4m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

The borrowings are repayable as follows:

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Within one year	106.0	57.1	125.8
In the second year	6.9	83.7	238.4
In the third to fifth year	2,205.6	2,037.5	1,821.0
Over five years	-	3.5	-
Amount due for settlement after one year	2,212.5	2,124.7	2,059.4

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

(a) The Group has drawn £1,571.0m (31 December 2022: £1,528.1m, 1 July 2023 £1,470.2m) 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 2027 for 'AS' Notes (£1,149.4m), 'AJ' Notes (£161.6m),'B' Notes (£105.0m), 'C1' Notes (£105.0m) and 'C2' Notes (£50.0m). The total facility size at 30 December 2023 was £1,635.0m.

(b) The Group has senior secured notes with a nominal value of £575.0m, at 6.5%, due August 2026 with a secured revolving credit facility with a nominal value of £150.0m of which £100.0m was drawn down at 30 December 2023 (31 December 2022: £150.0m facility of which £nil was drawn down, 1 July 2023: £150.0m facility of which £70.0m was drawn down). The senior secured notes are presented at amortised cost.

(c) The Group has an Irish securitisation facility against which it has drawn down £25.0m (31 December 2022: £26.6m, 1 July 2023: £21.6m), secured by a charge over certain eligible trade debtors of the Group. The facility was extended in the prior year and has a total maximum commitment of €35.0m which expires in July 2026.

(d) The Group subsidiary Primevere Equipment Limited holds a bank loan denominated in euros, which had a carrying value of £31.3m (31 December 2022: £39.1m, 1 July 2023: £34.4m). Regular payments are made against this loan which is expected to be fully settled in February 2028.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Reconciliation of net cash and cash equivalents

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Cash at bank	15.5	4.0	14.1
Cash equivalents	23.3	-	25.5
Net cash and cash equivalents in statement of cash flows	38.8	4.0	39.6

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

11. Share Capital

Allotted, called up and fully paid shares

	30 December 2023		31 December 2022		1 July 2023	
	No. m	£'m	No. m	£'m	No. m	£'m
Ordinary shares of £1 each	200	200	200	200	200	200

12. Related party transactions

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

Recharged costs

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Yodel Delivery Network Limited	-	0.1	0.2
	-	0.1	0.2

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Related party transactions (continued)

Purchase of services

	26 weeks to 30 December 2023 £'m	26 weeks to 31 December 2022 £'m	52 weeks to 1 July 2023 £'m
Yodel Delivery Network Limited	(44.1)	(50.8)	(83.6)
Arrow XL Limited	(19.4)	(24.1)	(38.6)
Trenport Property Holdings Limited	(0.1)	(0.3)	(0.6)
Shop Direct Holdings Limited	(3.8)	(3.8)	(10.3)
	(67.4)	(79.0)	(133.1)

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

Amounts due from fellow Group undertakings

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Shop Direct Holdings Limited	503.0	498.0	500.5
Yodel Delivery Network Limited	6.2	3.8	3.1
Arrow XL Limited	0.3	-	-
Primevere Limited	8.3	8.3	-
Trenport Property Holdings Ltd	-	-	8.3
	517.8	510.1	511.9

Amounts due to fellow Group undertakings

	30 December 2023 £'m	31 December 2022 £'m	1 July 2023 £'m
Arrow XL Limited	-	-	0.1
	-	-	0.1

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Events after the balance sheet date

In February, The Very Group agreed a new long-term partnership with global investment firm Carlyle and international investment house IMI to support its growth strategy. The partnership includes a £125m funding package, of which £85m is immediately available for use by the Company. As part of the agreement, Carlyle and IMI will each take a seat on The Very Group Board.