12 November 2020

B&M European Value Retail S.A.

FY21 Interim Results Announcement

A strong first half

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its interim results for the 26 weeks to 26 September 2020.

HIGHLIGHTS

- Group revenues[1] increased by +25.3% to £2,242.1m, +25.3% on a constant currency basis[2]
- B&M UK fascia[3] revenue up +29.5%, including like-for-like[4] ("LFL") revenues of +23.0%, within which Q1 was +26.9% and Q2 was 19.1%
- LFL[4] sales growth in the B&M UK fascia[3] is expected to moderate over H2, but so far in Q3 has been at a similar level to H1
- Group adjusted EBITDA[5] increased by 95.3% to £295.6m (H1 FY20: £151.4m) on a pre-IFRS16 basis
- Group statutory profit before tax, post-IFRS16, increased 122.4% to £235.6m (H1 FY20: £106.0m)
- Group adjusted profit before tax[5] increased by 128.5% to £253.6m (H1 FY20: £111.0m). Statutory diluted earnings per share were 18.7p (H1 FY20: 8.4p[1]) and adjusted diluted earnings per share[5] were 20.1p (H1 FY20: 8.8p[1])
- 9 gross new B&M UK store openings offset by 8 closures in H1, and on track to open 40 to 45 gross new B&M UK stores this financial year, offset by 10 closures
- Heron Foods has continued to trade well and opened 7 gross new stores with 1 closure, and on track to open 20 gross new stores, 16 net of closures, this financial year
- Positive like-for-like sales growth at Babou in France since re-opening on 11 May 2020, with total revenue of £140.6m and adjusted EBITDA[5] of £2.7m in H1 despite being closed due to lockdown for the first 6 weeks. Approximately half of the Babou stores remain open, but are restricted to selling essential goods only during the November lockdown in France
- Net cash flows from operating activities of £343.0m (H1 FY20: £138.2m), reflecting EBITDA growth, lower capital expenditure and tight working capital discipline
- Ordinary half year dividend[6] increased by 59.2% to 4.3p per share (H1 FY20: 2.7p), to be paid on 4 December 2020
- Special dividend[6] of 25.0p per share (equating to approximately £250m in total) to return surplus cash to shareholders. In the current uncertain macroeconomic outlook we are taking a prudent approach to our capital structure and returns, remaining comfortably within our stated leverage ceiling of 2.25x net debt[8] to adjusted EBITDA[5] (pre-IFRS16). We continue to evaluate our leverage and surplus cash position in line with our capital allocation framework

Simon Arora, Chief Executive, said,

"The Group delivered a strong performance in the first half, with our business model proving well-attuned to the evolving needs of customers. Our combination of everyday value across a broad range of product categories and convenient Out of Town locations has proved popular with shoppers.

During such challenging times, we have been proud to play an active role in supporting the communities in which we operate, having created over 1,800 new jobs across the Group during the past six months in addition to repaying the £3.7m furlough support originally received during the height of the crisis.

I am proud of the way in which our colleagues have risen to the many challenges posed by Covid-19. I thank them for the commitment, hard work and resilience they have demonstrated in keeping our shelves filled and maintaining an environment which is as safe as possible for our colleagues and customers.

Despite the wider economic uncertainty and ongoing restrictions related to Covid-19, we remain confident in our business model and future prospects."

Financial Results (unaudited)

	H1 FY21	H1 FY20[1]	Change
Total Group revenues[1]	£2,242.1m	£1,788.7m	+25.3%[2]
B&M	£1,885.4m	£1,456.4m	+29.5%
Heron	£216.2m	£188.2m	+14.8%
Babou	£140.6m	£144.1m	(2.4)%
Total Group revenues at constant currency[2]	-	-	+25.3%
Number of stores			
Group	1,059	1,034	+2.4%
B&M	657	645	+1.9%
Heron	299	290	+3.1%
Babou	103	99	+4.0%
Group adjusted EBITDA[5]	£295.6m	£151.4m	+95.3%
B&M	£274.7m	£137.3m	+100.0%
Heron	£18.3m	£12.3m	+48.7%
Babou	£2.7m	£1.8m	+52.8%
Group adjusted EBITDA[5] margin %	13.3%	8.5%	+484 bps
Group adjusted profit before tax[5]	£253.6m	£111.0m	+128.5%

Group statutory profit before tax	£235.6m	£106.0m	+122.4%
Adjusted diluted EPS[1,5]	20.1p	8.8p	+128.4%
Statutory diluted EPS	18.7p	8.4p	+122.6%
Ordinary dividends[6]	4.3p	2.7p	+59.2%

1. The figures presented in this announcement are for the 26 week period ended 26 September 2020 for the continuing operations of the Group following the sale of Jawoll in FY20. The figures presented for the 26 week period ended 28 September 2019 have been restated to exclude Jawoll in order to provide a comparable basis with those for the continuing operations as at 26 September 2020.

2. Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as used to translate the current year Euro revenues.

3. References in this announcement to the B&M business includes the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business includes both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.

4. Like-for-like revenues relates to the B&M estate only and includes each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of the previous period. This 14 month approach has been taken as it excludes the two month halo period which new stores experience following opening.

5. The Directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. Further details can be found in notes 2 and 4. Adjusted figures exclude the impact of IFRS16.

6. Dividends are stated as gross amounts before deduction of Luxembourg withholding tax which is currently 15%.

7. Net capital expenditure includes the purchase of property, plant and equipment, intangible assets and proceeds of sale of any of those items. These exclude IFRS16 lease liabilities.

8. Net debt was £325.4m at the period end. This reflects £760.2m of gross debt (note 13) and £4.0m of finance leases netted against £438.8m of cash.

Analyst & Investor webcast & conference call

An Analyst & Investor only webcast and conference call in relation to these FY21 Interim Results will be held today at 9.30am (UK).

The conference call can be accessed live via a dial-in facility on:

UK & International: +44 33 0606 1122

US: +1 646 585 9191

Room Number: 596070

Participant Pin: 2969

A simultaneous audio webcast and presentation will be available via the B&M corporate website at www.bandmretail.com

Enquiries

B&M European Value Retail S.A.
For further information please contact +44 (0) 151 728 5400 Ext 5763
Simon Arora, Chief Executive

Paul McDonald, Chief Financial Officer
Jonny Armstrong, Head of Investor Relations
Investor.relations@bandmretail.com

Media

For media please contact +44 (0) 207 379 5151
Sam Cartwright, Maitland
bmstores-maitland@maitland.co.uk

This announcement contains statements which are or may be deemed to be 'forward-looking statements'. Forward-looking statements involve risks and uncertainties because they relate to events and depend on events or circumstances that may or may not occur in the future. All forward-looking statements in this announcement reflect the Company's present view with respect to future events as at the date of this announcement. Forward-looking statements are not guarantees of future performance and actual results in future periods may and often do differ materially from those expressed in forward-looking statements. Except where required by law or the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect any events or circumstances arising after the date of this announcement.

Notes to editors

B&M European Value Retail S.A. is a variety retailer with 664 stores in the UK operating under the "B&M" brand, 299 stores under the "Heron Foods" and "B&M Express" brands, and 103 stores in France operating under both the "Babou" and "B&M" brands as at 10 November 2020. It was admitted to the FTSE 100 index on 21 September 2020.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information please visit www.bmstores.co.uk

Impact of Covid-19 on the B&M Group

The ongoing Covid-19 pandemic continues to affect all of our daily lives. So much has changed and is changing as we learn to live with the virus.

During the height of the crisis at the start of the financial year, B&M was proud to recognise the considerable efforts of store and distribution colleagues in paying them 110% of their normal pay. In addition, £1m in cash donations were delivered at speed to Foodbanks across the UK, and £2.9m of discounts were granted to NHS workers.

In light of the strong results delivered in H1 FY21 and ongoing trading performance, the Group has repaid £3.7m received under the UK Government's Job Retention Scheme during the initial Spring lockdown. It does not intend to participate in any further support relating to that Job Retention Scheme.

By remaining open in the UK throughout the crisis, we have created over 1,800 jobs in our communities and have been able to learn a lot about how best to adapt to the new realities of serving customers safely, protecting and supporting colleagues and managing the supply chain both in the UK and in China. This means we are well placed to continue serving customers efficiently and safely.

That said, recent events demonstrate just how quickly things can change, as Governments look to control the spread of the virus.

- In the core B&M UK business, as a retailer of essential goods, all stores remain open.
- The Heron Foods business is a convenience grocery retailer and all 299 stores continue to offer the full range of products to customers.
- In France, approximately half of our stores are currently open but are restricted to selling essential goods only, which form a very much smaller proportion of the offer than in the UK. As such, revenues will be very significantly reduced during November.

- The incremental costs incurred by the Group in relation to social distancing, such as provision of PPE, additional social distancing marshals at stores and enhanced cleaning regimes across the business, has substantially offset the c.£38m one-off saving in business rates during H1.
- We have taken account of potential impacts due to the ongoing pandemic, but we have not tested the impact of a total closure of the business in view of the fact that the majority of the product categories sold in the UK businesses and certain lines in the French business are officially classified as essential goods.

Recognising the role we play in the communities in which we trade, we are pleased to be a headline partner for 'Mission Christmas' across twelve UK radio regions. Mission Christmas aims to distribute £15m of gifts to some 400,000 under-privileged or poorly children, and most of our stores will act as collection points for this initiative.

As a value retailer, the B&M appeal is strengthened when large sections of the population are concerned about their personal finances or are having to live within constrained household budgets. This is important, as it means B&M can play a crucial role in helping people navigate through the crisis. In addition, the flexibility of the B&M business model is such that it is able to adapt very quickly to meet the evolving needs of customers.

The lasting impact of Covid-19 on individuals, communities, the retail industry and the wider economy remain unknown, but will clearly be very significant. Should it lead to further acceleration of the already profound structural changes affecting retailing, including the trend towards value and convenience, then the B&M business remains well positioned to grow sustainably into the long term.

OVERVIEW OF FY21 INTERIM RESULTS

The Group performed strongly throughout the first half of the financial year, despite the challenges posed by the ongoing coronavirus crisis. In the UK, many new customers have shopped with B&M for the first time, with a value-led model and large Out of Town locations proving particularly relevant during these uncertain times. The strong sales performance has been broad-based across all key product categories, with sustained revenue growth driving operational leverage on a fixed cost base.

The Heron Foods business enjoyed a similarly strong outturn for the half year, where performance continues to be pleasing.

In France, the Babou business was severely impacted by the local lockdown at the start of the financial year, but despite that managed to deliver a positive contribution for H1. Unfortunately, whilst approximately half of stores in France remain open, they are currently restricted to selling essential goods only during the November lockdown.

Financial Performance

The Group financial statements have been prepared in accordance with IFRS16, however underlying figures presented before the impact of IFRS16 continue to be reported where they are relevant to understanding the performance of the Group.

Group revenues for the 26 weeks ended 26 September 2020 grew by +25.3% to £2,242.1m and by +25.3% on a constant currency basis[1].

B&M UK

In the B&M UK stores business, revenues grew by +29.5% to £1,885.4m (H1 FY20: £1,456.4m), with like-for-like ("LFL") sales of +23.0% for the first half as a whole. The LFL performance moderated over the course of H1, but remained strong with a performance of +26.9% in Q1 and +19.1% in Q2.

In addition to strong LFL performance, the continued successful execution of the new store opening programme also contributed revenue growth, with the annualisation of the net 36 new stores opened in FY20 plus one net new opening in H1 FY21. The performance of the new stores has been good. For example, the cohort of new stores opened in FY20 together delivered a slightly higher store contribution margin as a percentage of sales than the remainder of the estate, being accretive to profit margin. New stores do not require a maturity period to achieve profitability, due to the disruptive nature of the retail offer.

There have been a total of 9 gross new store openings in H1, all of which have performed strongly. In addition there were 8 store closures, of which 3 were relocations. The majority of closures are stores which are over 10 years old and undersized or poorly located relative to current new store formats. The new store opening programme was impacted in H1 by coronavirus in the UK. However, a recent uptick in leasing activity means the B&M UK business now expects 40 to 45 gross new store openings in the full year, offset by 10 closures and relocations. New store openings will be back-end weighted in both Q3 and Q4, assuming Q4 openings are not further delayed by construction restrictions, and consequently they will not contribute material incremental sales to FY21.

B&M revenues also included £20.4m of wholesale revenues (H1 FY20: £11.5m).

Gross margins improved 176 bps relative to last year to 35.8% (H1 FY20: 34.0%). This was driven by both a shift in mix towards higher margin Non-Grocery categories as well as strong sell-through across Non-Grocery, particularly on seasonal ranges, leading to lower markdown activity.

Operating costs, excluding depreciation and amortization, increased by 11.7% to £399.7m (H1 FY20: £358.0m), with these costs as a percentage of revenues decreasing by 338 bps to 21.2% (H1 FY20: 24.6%). The Group welcomes the Government's business rates holiday given the disproportionate burden this places on physical stores versus online competitors, with this being particularly relevant during the pandemic when store customer numbers have remained subdued. The business rates relief represented a c.£35m saving in H1 compared to the previous year for the B&M UK business, but was substantially offset by the increased costs of implementing social distancing in stores. Transport and distribution costs remained broadly flat as a percentage of revenues, where savings through optimisation of the transport network were offset by distribution inefficiencies (particularly at the new Bedford distribution centre) as a consequence of introducing new protocols and procedures to ensure compliance with social distancing.

In the B&M business[3], adjusted EBITDA[5] increased by 100.0% to £274.7m (H1 FY20: £137.3m) and the adjusted EBITDA[5] margin increased by 530 bps to 14.7% (H1 FY20: 9.4%) due to the higher participation of Non-Grocery sales, strong sell-through across ranges and operational leverage as explained above.

Heron Foods

The discount convenience chain, Heron Foods[3], generated revenues of £216.2m (H1 FY20: £188.2m). The business continues to perform well and has maintained good like-for-like sales momentum, with ambient food ranges in particular performing strongly. There have been 6 net new store openings so far this year, increasing the number of stores to 299 at the end of H1. A total of 16 net new stores are expected for the full year.

Heron Foods adjusted EBITDA[5] increased by 48.7% to £18.3m (H1 FY20: £12.3m) and the adjusted EBITDA[5] margin improved by 193 bps to 8.5% (H1 FY20: 6.5%), with the business also benefiting from a one-off saving in business rates worth c.£3m in H1.

Babou

In the French business Babou, revenues decreased by (2.4)% to £140.6m (H1 FY20: £144.1m), reflecting the closure of all stores for the first 6 weeks of the financial year under the French Government's initial lockdown. This closure period led to the loss of c.£33m of revenue compared to H1 FY20.

The programme to evolve the product offer and move it closer to that of the B&M UK stores continues to progress, and products purchased through the B&M supply chain have been well received by the French consumer. The business' offer in Clothing and Footwear categories has been reduced, and they now represent c.20% of revenues. Gross margin increased by 98 bps to 41.9% (H1 FY20: 40.9%) as a result of less markdown activity than in H1 FY20, which was needed to exit legacy product ranges that pre-dated the ownership by B&M.

Adjusted EBITDA[5] was £2.7m (H1 FY20: £1.8m), despite a £5.7m adjusted EBITDA loss that arose during the 6 week closure period.

At the end of H1 there were 103 stores in total, 37 of which are now under the B&M banner. The performance of the re-branded locations has been encouraging, having outperformed the wider Babou estate. Subject to any further lockdown restrictions the re-branding programme will re-commence in January 2021, with a further 21 conversions planned before the FY21 year end and the entire estate being re-branded by the end of FY22.

Group

Group adjusted EBITDA[5] increased 95.3% to £295.6m (H1 FY20: £151.4m), representing a Group adjusted EBITDA[5] margin of 13.3%. This is 484 bps higher year on year, driven primarily by operational leverage in the UK businesses.

Depreciation and amortisation expenses, excluding the impact of IFRS16, grew by 7.0% to £30.1m largely due to continued investment in new stores across all fascias, with 25 more stores year on year at total Group level as at the end of H1.

Including the impact of IFRS16, operating costs and depreciation increased by 9.0% to £514.2m (H1 FY20: £471.7m).

In relation to finance costs, excluding IFRS16, the adjusted net interest charge was £11.9m (H1 FY20: £12.2m). Including the IFRS16 lease interest charge, total interest costs increased to £47.0m (H1 FY20: £40.7m), with £4.5m relating to fees from the previous refinancing that were written off and interest resulting from the early repayment of the previous £250m High Yield Bond.

The Group's adjusted profit before tax[5] increased by 128.5% to £253.6m, whilst statutory profit before tax increased by 122.4% to £235.6m. The impact of IFRS16 on the Group interim financial statements was to decrease profit before tax by £8.7m.

Group net capital expenditure, excluding IFRS16 leases right-of-use asset additions, was £25.8m[7], £14.2m of which related to new store openings having opened a total of 20 gross new stores across the Group during H1. This was lower than in previous years as the new store opening programme was severely impacted by restrictions associated with the coronavirus outbreak in the UK, with the 9 gross new B&M UK stores in particular being some 21 fewer than in the prior year. In addition, there was significant one-off expenditure last year on the Bedford distribution centre.

Net cash flows from operating activities was £343.0m, an increase of 148.2% from the comparable period last year, with the increased rate of sales across all ranges driving an improved adjusted EBITDA[5] performance, together with lower capital expenditure and tight working capital management.

The Group also completed a refinancing of existing banking facilities in July 2020, extending the maturity on both the £300m loan facility and £155m Revolving Credit Facility to April 2025. The refinancing also included the issue of a £400m High Yield Bond, maturing in July 2025, which enabled the repayment of the £82.3m bi-lateral loan facility used for the Babou acquisition. Additionally, Babou utilised the French Government-backed loan facility scheme made available due to the disruption caused by Covid-19, resulting in a loan of £45.7m. The impact of these transactions was to increase the Group's gross borrowings by £113.4m.

The Group paid a total of £204.1m of dividends in the period, including the £150m Special dividend following the sale and leaseback of the Bedford facility in March 2020.

The business continues to de-lever and net debt[8] to annualised adjusted EBITDA[5] was 0.7x at the end of H1 FY21 (H1 FY20: 2.2x), calculated on a pre-IFRS16 basis.

Dividend

An Ordinary half year dividend of 4.3p per Ordinary Share and a Special dividend of 25.0p per Ordinary Share will be paid as one interim dividend together on 4 December 2020 to shareholders on the register at 20 November 2020. The ex-dividend date will be 19 November 2020. The dividend payment will be subject to a deduction of Luxembourg withholding tax of 15%.

In the current uncertain macroeconomic outlook we are taking a prudent approach to our capital structure and returns, remaining comfortably within our stated leverage ceiling of 2.25x net debt[8] to adjusted EBITDA[5] (pre-IFRS16). We continue to evaluate our leverage and surplus cash position in line with our capital allocation framework.

Shareholders and Depository Interest holders can obtain further information on the methods of receiving their dividends on our website www.bandmretail.com or by visiting the website of our Registrar, Capita Asset Services at www.capitashareportal.com

Strategic Development

The priority of the Group continues to be the wellbeing of colleagues and customers, having worked hard to maintain a safe working and shopping environment.

That said, the business continued to execute its strategy for driving sustainable growth in revenues, earnings and free cash flow throughout the first half of FY21, despite the many challenges that Covid-19 continues to present.

1. Delivering great value to shoppers

B&M is all about providing consistently great value on the things customers buy regularly for their homes and families. Only the best sellers are stocked in any category, so there is always something that shoppers will want or need that can be bought quickly, cheaply and conveniently at B&M. As well as offering great value, convenience has never been more important than during the current Covid-19 pandemic. B&M stores are generally large format, with an average size of approximately 20,000 sq. ft, and mostly in locations with easy access by car, making them attractive to customers. They also do not require changing rooms, customer service counters or contain café areas, further lessening the impact of the pandemic on our ability to trade.

Visits to B&M stores often result in impulse purchases, with great value and constant newness (typically 100 new lines per week) meaning that there's always something for everyone. For B&M, it's not just about providing low prices to customers but also about selling quality goods, including many leading brands, at discount prices compared to other retailers, including online operators.

Whilst there are plenty of people who need a bargain, everyone likes a bargain. Over the past six months a large number of customers have discovered B&M for the first time, as the appeal of variety goods value retailing has broadened. So much so that in June 2020, an estimated 23% of all shoppers had not visited B&M in the preceding five months, suggesting that more shoppers have found B&M to be a convenient and compelling retail proposition.

B&M is increasingly appealing to a broad range of socio-economic groups, in particular low to middle income households. It is these same households who form the largest demographic by both number and overall consumer spending in the UK. This combination of new customers, together with existing customers buying into new categories, creates an exciting opportunity for B&M to make further market share gains.

B&M stores are increasingly becoming a destination in their own right, with customers valuing the range of product categories on offer. As such, sales performance in the first half was strong and broad based, with most categories in double-digit LFL growth. The LFL performance was also geographically broad based with all five UK regions, including the South of England, delivering LFL sales growth in excess of 20% for H1.

With people spending more time in their homes during the initial lockdown period in the UK, the DIY and Homewares ranges proved particularly popular. In addition, as Spring 2020 turned out to be the sunniest on record in the UK, there was a similarly strong sales and gross margin performance across categories such as Gardening and Leisure.

With Covid-19 continuing to have a profound impact on daily lives, the ability to offer customers both value and convenience should continue to resonate with those who increasingly regard B&M as a part of their regular shopping routines.

2. Investing in new stores

The B&M UK business remains committed to its new store rollout strategy and has a long growth runway from the current base of 657 B&M fascia stores to the stated UK store target of 950 stores.

In the first half of the financial year there were 9 gross new B&M UK fascia stores opened, of which 3 were relocations where there was an opportunity to open a larger, more modern unit capable of providing a better shopping experience for customers and generating a significantly higher quantum of profit. The total of 9 gross new stores in H1 was a record low for B&M in recent years, and reflects the severe impact of Covid-19 on the construction industry and the slowdown in leasing activity by commercial property landlords since March 2020.

As a consequence of the 8 B&M store closures, 3 of which were relocations as noted above and the balance mostly 'first generation' smaller stores in poor locations, there was a net increase of only one in the first half of the financial year. However, recent pick up in leasing activity means the B&M business now expects to open 40 to 45 gross new stores in the financial year as a whole, although both Q3 and Q4 openings are likely to be back-end weighted, assuming Q4 openings are not further delayed by construction restrictions. Looking ahead, FY22 will see the full year benefit of the delayed FY21 openings and the pipeline of further new stores is healthy, with 25 locations already in legal negotiations.

Heron Foods opened 6 net new stores in the first half of the financial year, bringing the total to 299, and is on track to achieve 16 net new stores in the financial year as a whole. Like the B&M fascia stores, and for similar reasons, these will be weighted towards the end of the financial year.

In France, the focus remains very much on converting the existing Babou portfolio rather than opening new stores. At the end of H1 FY21, there were a total of 103 stores in France with 37 trading under the B&M brand and the remaining 66 still under the Babou fascia. Subject to any further lockdown restrictions, a further 21 re-branded stores are expected by the end of FY21.

3. Developing the international business

In France, the Babou business was closed for the first 6 weeks of the financial year due to the lockdown restrictions imposed by the French Government, which inevitably set back plans. However, when permitted to re-open, there was a strong recovery in sales over the remainder of the first half. Trading was helped by the good weather through the Summer which drove strong sales and margin performance in Gardening and Outdoor Leisure categories during the period under review.

There is an immediate need to manage the French business through the current second lockdown, with a c.€5m adjusted EBITDA loss expected to be made during the month of November 2020.

Beyond that, Babou has two priorities for the second half of the year. The first is to complete the planned evolution of the product offer towards that of B&M, with less exposure to the Clothing category. This continues to progress, with the new product being well received by the French consumer. Secondly, the programme of re-branding existing Babou stores to the B&M fascia is expected to continue. Subject to any further disruption caused by the second lockdown in France, a total of 58 stores are expected to be trading under the B&M banner by the end of FY21.

Although a more settled period of time is needed to assess the success of the stores converted so far, early results are encouraging. No other international geographies are currently being evaluated whilst work continues to prove that the B&M model can be successful in France, with management and local teams wholly focused on the task in hand. The proposition in France will continue to be developed once the disruption caused by Covid-19 has passed.

4. Investment in people and infrastructure

The c.1 million square feet Southern distribution centre at Bedford, which was completed and fitted-out during FY20, is now fully operational and currently supplies over one-third of the B&M store estate. However, it is currently experiencing higher than expected operating costs due to inefficiencies relating to additional social distancing measures across the warehouse network.

The senior management team continues to broaden and strengthen, having welcomed Anthony Giron as President of Babou on 11 May 2020 and Alex Russo as Group Chief Financial Officer on 5 October 2020. A new Supply Chain Director also joined the B&M UK business in October 2020, as a result of the upcoming retirement of the current Distribution Director.

One consequence of Covid-19 was that travel restrictions curtailed buying trips to the Far East, meaning that in-house talent has increasingly been used in areas such as new product development and design. In so doing, the business demonstrated an ability to be as effective in these areas as its suppliers in Asia have been, whilst at the same time providing development opportunities for colleagues.

At store level, the planned rollout of a digital Workforce Management System has gradually re-commenced, having paused training during the initial coronavirus outbreak. This new system will enable a more agile approach to store rotas, as well as creating efficiencies through the reduction of paper-based processes.

Although store colleague learning and development had to be put on hold at the start of the financial year, the "Step-Up" programme was successfully adapted to facilitate e-learning. Around 300 colleagues have completed their training in time for the Golden Quarter trading period, allowing them to play a crucial role in delivering the success of the business.

Outlook

There is undoubtedly a greater level of uncertainty surrounding the remainder of the financial year than would usually be the case. The business is no better placed than any other to predict what impact the economic environment will have on consumers across the UK. With social distancing seemingly here to stay for the foreseeable future, and with new lockdown measures currently in force across the UK and France, there is a risk that the ability to serve customers in their usual numbers during the peak trading season will be challenged.

However, B&M has a number of significant advantages which mean the business is well positioned to respond to the new realities. Those strengths include the 'variety retailing' model with its core ranges in everyday essentials such as Food, Personal Care and Household Care products, a well-invested infrastructure, strong value credentials and a large format, modern and convenient store network in Out of Town locations, which mean the business can continue to serve shoppers' needs effectively.

As the appeal of variety goods value retailing continues to broaden, B&M is playing an increasingly important role within the UK supply chain, for example with the 4.5m average weekly shopper visits during September helping to alleviate some of the pressure on the mainstream supermarkets for essential Grocery products.

Having remained open throughout the crisis, the business has learnt a lot about how customers want to shop, and which products they are increasingly seeking out. The B&M model enables the business to respond to these changing trends at pace, for example through ongoing work to evolve pricing architecture. In the near term, there is a considerable opportunity to retain the loyalty of those customers who have discovered B&M for the first time during the past six months, and in doing so grow the currently modest market share across both Grocery and Non-Grocery segments.

LFL sales growth in the B&M UK fascia is expected to moderate over H2, but so far in Q3 has been at a similar level to H1. Approximately half of the Babou/B&M France stores remain open, albeit selling essential goods only and with significantly reduced footfall during the November lockdown. In France, it remains unclear what level of lost revenue recovery can be achieved as December peak trading approaches. Although both the B&M UK and Heron Foods businesses remain open, there is significant uncertainty surrounding both the nature and duration of Covid-19 restrictions during the second half of the financial year. As such, the range of potential outcomes for FY21 remains unusually wide at this stage of the year and it is difficult to make a clear assessment of how consumers will react over the coming months. However, against this backdrop, whilst acknowledging the outlook for consumer confidence remains unknown, the B&M Group is cautiously optimistic that its broad range of essential goods will continue to appeal to customers.

Principal Risks and Uncertainties

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause actual results to materially differ from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the Annual Report for the year ended 28 March 2020.

These risks comprise all those associated with the Covid-19 pandemic, high levels of competition, the broader economic environment and market conditions, failure to comply with laws and regulations, failure to maintain and invest in key infrastructure, inherent risks in international expansion, disruption to key IT systems, cyber security and business continuity, credit risk and liquidity, fluctuations in commodity prices and cost inflation, regulatory, tax and customs effects generally on the UK's exit from the EU, key management reliance, disruption in supply chain, availability of suitable new stores and failure of stock management controls.

Whilst the uncertainties around Brexit are well documented elsewhere, the Group is relatively less exposed to the potential challenges this may present to businesses. In particular, its supply chains do not materially depend on trade flows between the UK and Continental Europe, with the vast majority of General Merchandise sourced instead from the Far East and not reliant on English Channel ports. Currency hedging policies are also in place to withstand short-term volatility in the value of Sterling against the US Dollar, being the principal currency in which goods are procured from the Far East. The Group has a track record of maintaining gross margins despite previous periods of exchange rate volatility or Sterling weakness.

Detailed explanations of these risks are set out on pages 24 to 32 of the Annual Report 2020 which is available at www.bandmretail.com

Simon Arora
Chief Executive
12 November 2020

Consolidated statement of Comprehensive Income

	Note	**26 weeks ended 26 September 2020 £'000**	Restated* 26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Continuing operations				
Revenue	3	**2,242,112**	1,788,693	3,813,387
Cost of sales		**(1,440,592)**	(1,174,956)	(2,530,579)
Gross profit		**801,520**	613,737	1,282,808
Gain on sale and leaseback of the Bedford warehouse		**-**	-	16,932
Administrative expenses - other		**(518,926)**	(467,591)	(966,928)
Operating profit		**282,594**	146,146	332,812
Share of profits of investments in associates		**-**	500	879
Profit on ordinary activities before interest and tax		**282,594**	146,646	333,691
Finance costs on lease liabilities		**(30,577)**	(28,451)	(57,206)
Other finance costs		**(16,414)**	(12,334)	(24,809)
Finance income		**33**	95	213
Gain on revaluation of financial instrument		**-**	-	134
Profit on ordinary activities before tax		**235,636**	105,956	252,023
Income tax expense	7	**(48,460)**	(22,158)	(57,246)
Profit for the period from continuing operations		**187,176**	83,798	194,777
Attributable to owners of the parent		**187,176**	83,798	194,777
Discontinued operations				
Loss from discontinued operations		**-**	(78,546)	(113,922)
Profit for the period		**187,176**	5,252	80,855
Attributable to non-controlling interests		**-**	(9,051)	(9,172)
Attributable to owners of the parent		**187,176**	14,303	90,027
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiaries and associates		**(52)**	3,868	1,661
Fair value movements recorded in the hedging reserve		**(10,235)**	11,527	8,679
Tax effect of other comprehensive income		**1,859**	(2,010)	(1,383)
Total comprehensive income for the period		**178,748**	18,637	89,812
Attributable to non-controlling interests		**-**	(8,487)	(9,753)
Attributable to owners of the parent		**178,748**	27,124	99,565
Earnings per share from continuing operations				
Basic earnings attributable to ordinary equity holders (pence)	6	**18.7**	8.4	19.5
Diluted earnings attributable to ordinary equity holders (pence)	6	**18.7**	8.4	19.5
Earnings per share from all operations				
Basic earnings attributable to ordinary equity holders (pence)	6	**18.7**	1.4	9.0
Diluted earnings attributable to ordinary equity holders (pence)	6	**18.7**	1.4	9.0

The accompanying accounting policies and notes form an integral part of these financial statements.

* This statement has been restated in respect of the reclassification of Jawoll as a discontinued operation and adjustments to our IFRS 16 balances, see notes 1 and 5.

Consolidated statement of Financial Position

Assets	**Note**	**26 September 2020 £'000**	Restated* 28 September 2019 £'000	28 March 2020 £'000
Non-current				
Goodwill	5,8	**922,502**	921,678	921,911
Intangible assets	8	**118,882**	120,407	119,696
Property, plant and equipment	10	**312,383**	327,524	312,198
Right-of-use assets	11	**1,067,737**	1,068,653	1,086,618
Investments accounted for using the equity method		**5,700**	6,488	5,700
Other receivables		**7,680**	8,513	7,517
Deferred tax asset		**22,091**	17,319	22,988
		2,456,975	2,470,582	2,476,628
Current				
Cash and cash equivalents		**438,763**	77,644	428,205
Assets held for sale	10	**-**	89,016	-
Inventories		**695,904**	830,903	588,000
Trade and other receivables		**49,198**	59,676	60,588
Other current financial assets		**4,462**	21,453	16,702
Income tax receivable		**-**	6,814	-
		1,188,327	1,085,506	1,093,495
Total assets		**3,645,302**	3,556,088	3,570,123
Equity				
Share capital	12	**(100,073)**	(100,056)	(100,058)
Share premium		**(2,474,858)**	(2,474,249)	(2,474,318)
Retained earnings		**(378,324)**	(359,310)	(244,829)
Hedging reserve		**(904)**	(11,501)	(9,280)
Legal reserve		**(10,010)**	(10,010)	(10,010)
Merger reserve		**1,979,131**	1,979,131	1,979,131
Foreign exchange reserve		**(7,983)**	(9,097)	(8,035)
Put/call option reserve		**-**	13,855	-
Non-controlling interest		**-**	(1,266)	-
		(993,021)	(972,503)	(867,399)
Non-current liabilities				
Interest-bearing loans and borrowings	13	**(705,113)**	(564,772)	(561,418)
Lease liabilities		**(1,143,393)**	(1,106,189)	(1,146,233)
Other financial liabilities		**-**	(12)	-
Other liabilities		**(483)**	(629)	(171)
Deferred tax liabilities		**(26,327)**	(28,149)	(29,008)
Provisions		**(788)**	(785)	(766)
		(1,876,104)	(1,700,536)	(1,737,596)
Current liabilities				
Interest-bearing loans and borrowings	13	**(55,076)**	(193,646)	(211,062)
Overdrafts		**-**	(15,634)	(928)
Trade and other payables		**(532,558)**	(475,367)	(419,999)
Lease liabilities		**(160,985)**	(159,968)	(149,011)
Other financial liabilities		**(6,115)**	(12,372)	(1,847)
Income tax payable		**(14,256)**	(19,700)	(26,115)
Dividends		**-**	-	(150,087)
Provisions		**(7,187)**	(6,362)	(6,079)
		(776,177)	(883,049)	(965,128)
Total liabilities		**(2,652,281)**	(2,583,585)	(2,702,724)
Total equity and liabilities		**(3,645,302)**	(3,556,088)	(3,570,123)

* This statement has been restated for adjustments to our IFRS 16 balances, see note 1.

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 12 November 2020 and signed on their behalf by:

S. Arora, Chief Executive Officer.

Consolidated statement of Changes in Shareholders' Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Hedging reserve £'000	Legal reserve £'000	Merger reserve £'000	Foreign exchange reserve £'000	Put/call option reserve £'000	Non-control.. interest £'000	Total Share-holders' equity £'000
Balance at 30 March 2019	100,056	2,474,249	393,375	1,984	10,010	(1,979,131)	5,793	(13,855)	9,753	1,002,234
Ordinary dividend payments to owners	-	-	(49,027)	-	-	-	-	-	-	(49,027)
Effect of share options	-	-	659	-	-	-	-	-	-	659
Total for transactions with owners	-	-	(48,368)	-	-	-	-	-	-	(48,368)
Profit from continuing operations	-	-	83,798	-	-	-	-	-	-	83,798
Loss from discontinued operations	-	-	(69,495)	-	-	-	-	-	(9,051)	(78,546)
Other comprehensive income	-	-	-	9,517	-	-	3,304	-	564	13,385
Total comprehensive income for the period	-	-	14,303	9,517	-	-	3,304	-	(8,487)	18,637
Balance at 28 September 2019	100,056	2,474,249	359,310	11,501	10,010	(1,979,131)	9,097	(13,855)	1,266	972,503
Ordinary dividend payments to owners	-	-	(27,015)	-	-	-	-	-	-	(27,015)
Special dividend payments to owners	-	-	(150,087)	-	-	-	-	-	-	(150,087)
Effect of share options	2	69	752	-	-	-	-	-	-	823
Total for transactions with owners	2	69	(176,350)	-	-	-	-	-	-	(176,279)
Profit from continuing operations	-	-	110,979	-	-	-	-	-	-	110,979
Loss from discontinued operations	-	-	(35,255)	-	-	-	-	-	(121)	(35,376)
Other comprehensive income	-	-	-	(2,221)	-	-	(1,062)	-	(1,145)	(4,428)
Total comprehensive income for the period	-	-	75,724	(2,221)	-	-	(1,062)	-	(1,266)	71,175
Disposal of Jawoll	-	-	(13,855)	-	-	-	-	13,855	-	-
Balance at 28 March 2020	**100,058**	**2,474,318**	**244,829**	**9,280**	**10,010**	**(1,979,131)**	**8,035**	**-**	**-**	**867,399**
Ordinary dividend payments to owners	**-**	**-**	**(54,035)**	**-**	**-**	**-**	**-**	**-**	**-**	**(54,035)**
Effect of share options	**15**	**540**	**354**	**-**	**-**	**-**	**-**	**-**	**-**	**909**
Total for transactions with owners	**15**	**540**	**(53,681)**	**-**	**-**	**-**	**-**	**-**	**-**	**(53,126)**
Profit for the period	**-**	**-**	**187,176**	**-**	**-**	**-**	**-**	**-**	**-**	**187,176**
Other comprehensive income	**-**	**-**	**-**	**(8,376)**	**-**	**-**	**(52)**	**-**	**-**	**(8,428)**
Total comprehensive income for the period	**-**	**-**	**187,176**	**(8,376)**	**-**	**-**	**(52)**	**-**	**-**	**178,748**
Balance at 26 September 2020	**100,073**	**2,474,858**	**378,324**	**904**	**10,010**	**(1,979,131)**	**7,983**	**-**	**-**	**993,021**

* This statement has been restated in respect of the reclassification of Jawoll as a discontinued operation and adjustments to our IFRS 16 balances, see notes 1 and 5.

Consolidated statement of Cash Flows

	Note	26 weeks ended 26 September 2020 £'000	Restated* 26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Cash flows from operating activities				
Cash generated from operations	14	**403,211**	107,250	532,645
Non cash write off from discontinued operations		**-**	59,533	68,036
Income tax paid		**(60,241)**	(28,618)	(57,924)
Net cash flows from operating activities		**342,970**	138,165	542,757
Cash flows from investing activities				
Purchase of property, plant and equipment		**(30,708)**	(79,352)	(123,270)
Purchase of intangible assets		**(418)**	(824)	(1,361)
Deferred consideration in respect of business acquisitions		**-**	-	(11,950)
Business disposal net of cash disposed		**9,074**	-	2,964
Proceeds from the sale of property, plant and equipment		**6,159**	1,871	160,518
Finance income received		**33**	95	214
Dividends received from associates		**-**	932	2,580
Net cash flows from investing activities		**(15,860)**	(77,278)	29,695
Cash flows from financing activities				
Newly issued corporate bonds net of bonds repaid	13	**150,000**	-	-
New group bank facilities net of bank facilities repaid	13	**(82,430)**	-	-
Net (repayment)/receipt of Group revolving bank loans		**(120,000)**	66,000	80,000
Net repayment of Heron bank facilities		**(1,089)**	(947)	(2,030)
Net receipt of Babou bank facilities	13	**45,407**	2,046	1,587
Repayment of the principal in relation to right-of-use assets		**(51,577)**	(54,077)	(142,653)
Payment of interest in relation to right-of-use assets		**(30,577)**	(31,904)	(63,790)
Fees on refinancing	13	**(10,835)**	-	(119)
Oher finance costs paid		**(10,991)**	(13,453)	(23,957)
Receipt from exercise of employee share options		**30**	-	60
Dividends paid to owners of the parent		**(204,123)**	(49,027)	(76,042)
Net cash flows from financing activities		**(316,185)**	(81,362)	(226,944)
Effects of exchange rate changes on cash and cash equivalents		**561**	1,929	1,213
Net increase/(decrease) in cash and cash equivalents		**11,486**	(18,546)	346,721
Cash and cash equivalents at the beginning of the period		**427,277**	80,556	80,556
Cash and cash equivalents at the end of the period		**438,763**	62,010	427,277
Cash and cash equivalents comprise:				
Cash at bank and in hand		**438,763**	77,644	428,205
Overdrafts		**-**	(15,634)	(928)
		438,763	62,010	427,277

* This statement has been restated in respect of the reclassification of Jawoll as a discontinued operation, adjustments to our IFRS 16 balances, and to present the foreign exchange movement in line with the current year presentation, see notes 1 and 5.

Notes to the financial information

1 General information and basis of preparation

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's last set of consolidated accounts released by the ultimate controlling party, B&M European Value Retail S.A. (the "company"), a company listed on the London Stock Exchange and incorporated in Luxembourg.

The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (DTR) and with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as endorsed by the European Union.

The Group's trade is general retail, with trading taking place in the UK and France.

The principal accounting policies have remained unchanged from the prior financial information for the Group for the period to 28 March 2020.

The financial statements for B&M European Value Retail S.A. for the period to 28 March 2020 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

The financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

This consolidated financial information does not constitute statutory financial statements.

<u>**Restatements**</u>

The prior half year (26 weeks to 28 September 2019) information has been restated to reflect that the Group's German business has been disposed and for the finalised IFRS 16 figures.

Disposal of German operations

On 27 March 2020 the Group announced the disposal of their 80% shareholding in the subsidiary J.A. Woll-Handels GmbH, and the results of the entity have ceased to be consolidated from this date.

This subsidiary was previously consolidated as the Germany Jawoll segment, and as such the prior half year statement of comprehensive income has been restated to include the results of the Germany Jawoll segment within the discontinued operations categorisation.

See note 5 for more information.

Finalisation of IFRS 16 figures

Following the prior half year end further detailed analysis of the IFRS 16 lease balances resulted in minor restatements to the prior half year balances.

The effect on overall profit due to these restatements was a loss of £1.2m, whilst the overall effect to net equity was a debit of £0.4m.

See note 11 for more details on the Group's IFRS 16 figures.

The overall restatements to the statement of profit or loss are shown below.

	As previously reported £'000	Effect of the disposal of Jawoll £'000	Effect of the restatement of IFRS 16 balances £'000	Restated £'000
Continuing operations				
Revenue	1,903,438	(114,745)	-	1,788,693
Cost of sales	(1,251,825)	76,869	-	(1,174,956)
Gross profit	651,613	(37,876)	-	613,737
Administrative expenses – impairment of Jawoll	(59,533)	59,533	-	-
Administrative expenses - other	(516,166)	49,678	(1,103)	(467,591)
Operating profit	75,914	71,335	(1,103)	146,146
Share of profits of investments in associates	500	-	-	500
Profit on ordinary activities before interest and tax	76,414	71,335	(1,103)	146,646
Finance costs on lease liabilities	(31,888)	3,499	(62)	(28,451)
Other finance costs	(12,441)	107	-	(12,334)
Finance income	95	-	-	95
Profit on ordinary activities before tax	32,180	74,941	(1,165)	105,956
Income tax expense	(25,761)	3,565	38	(22,158)
Profit for the period from continuing operations	6,419	78,506	(1,127)	83,798
Discontinued operations				
Loss from discontinued operations	-	(78,506)	(40)	(78,546)
Profit for the period	6,419	-	(1,167)	5,252
Earnings per share from continuing operations				
Basic earnings attributable to ordinary equity holders (pence)	1.5	7.0	(0.1)	8.4
Diluted earnings attributable to ordinary equity holders (pence)	1.5	7.0	(0.1)	8.4

The restatements to the statement of financial position are related to the IFRS 16 corrections. A summary of the more significant of these is shown in the table below.

	As previously reported £'000	Restatement £'000	Restated £'000
Non-current assets			
Right-of-use assets	1,054,758	13,895	1,068,653
Deferred tax asset	18,468	(1,149)	17,319
Current assets			
Trade and other receivables	57,790	1,886	59,676
Total assets	3,541,456	14,632	3,556,088
Equity			
Retained earnings	(359,673)	363	(359,310)
Total equity	(972,910)	407	(972,503)
Non-current liabilities			
Lease liabilities	(1,090,391)	(15,798)	(1,106,189)
Deferred tax liabilities	(28,712)	563	(28,149)
Total liabilities	(2,568,546)	(15,039)	(2,583,585)

Cash flow foreign exchange

A presentational restatement has been made to the consolidated statement of cash flows such that the effects of exchange rate changes on cash and cash equivalents has been shown separately from cash flows in line with IAS 7. In prior years this separation was not made on grounds of materiality, and as such the prior half year has been represented to align with the current year presentation. This has resulted in an increase of net cash flows from operating activities of £682k and a decrease in net cash flows from financing activities of £2,611k.

Basis of consolidation

This Group financial information consolidates the financial information of the company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 29 March 2020 to 26 September 2020. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting. The results of companies acquired are included in the consolidated statement of comprehensive income from the acquisition date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

Going concern

As a value retailer, the Group is well placed to withstand volatility within the economic environment. The Group’s forecasts and projections, which are prepared through to March 2022 and take into account reasonably possible changes in trading performance show that the Group will trade within its current banking facilities for that period.

The Group refinanced in July 2020 and the current banking facilities do not mature until April 2025, with the current high yield bonds maturing in July 2025 (see note 13 for more details on the refinancing).

The French Babou stores were closed at the year end date, reopening on May 11 2020, and have been impacted in November by some closures and stores currently restricted to selling essential goods only, as part of the French Government’s response to the pandemic. However, the losses incurred are not significant to the Group as a whole, they have received support in the form of loans that are 90% guaranteed by the French government, and therefore have no short term liquidity issues, and have traded successfully and profitably in the period when they were allowed to remain open.

The UK stores within the B&M and Heron segments (which comprise over 90% of Group revenue) have traded well in the period, and as a retailer of essential goods all stores remain open with no restrictions currently imposed on what can be sold in England, Scotland or Norther Ireland. During the recent 17 day "firebreak" in Wales, the 43 Welsh stores remained open but sold essential items only, which limited the performance of those stores. The Group in it's operations has been highly cash generative.

Given the mitigations above in France, and that the majority of the Group's stores have continued to operate profitably, and are expected to continue to do so during the latest UK lockdown announced in November, management do not consider that the Covid-19 pandemic has had a material impact on the going concern assessment.

After making enquiries and considering severe but plausible downside scenarios the Directors are confident that the Group has adequate resources to remain a going concern even in those circumstances.

Accordingly they continue to adopt the going concern basis in preparing these financial statements.

Critical judgments and key sources of estimation uncertainty

Goodwill impairment

At year end the Group considered that the Babou segment showed potential signs of impairment due to the requirement to close those stores during the early phase of the Covid-19 pandemic.

An impairment test was carried out, as reported in our March 2020 financial statements, which demonstrated that no impairment was required, but that the situation should be kept under management review as it continued to evolve.

Since the impairment test was carried out, Babou results have exceeded management expectations with all stores reopened and significantly positive like for like sales achieved. The model was subsequently updated to include the impact of the second lockdown in France (based upon all stores closing). At a high level the model reported headroom of over €40m when sensitised to include the full lockdown closures.

Management have therefore made the judgement that there are currently no signs of potential impairment at Babou, and therefore no requirement to carry out a further impairment test at the interim date.

Babou will continue to be monitored by management and will next be tested for impairment, as usual, at the year end date (27 March 2021).

Babou Stock Provision

At the March 2020 year end date management exercised significant judgement in relation to the net realisable value of inventories held at Babou, as a result of the closure of Babou stores between 15 March and 11 May 2020 and the subsequent loss of revenues.

A provision of €7.3m was made against this inventory category. Following the reopening of Babou stores on 11 May, trading was better than anticipated, however due to the seasonality of the stock, most of it remains in and it will be brought out again for the Spring/Summer 2021 season.

Given there remains some uncertainty with regards to the net realisable value of this inventory, management have considered it prudent to maintain the existing €7.3m provision, and this will be considered again once we have seen the sales performance in the early part of that season.

As there has been no P&L impact from the stock provision, and the business traded strongly post reopening from the April / May 2020 lockdown, no Covid-19 P&L impact has been adjusted for in the half year.

Standards and interpretations applied and not yet applied by the Group

Adoption of new and revised standards

The Group continues to monitor the potential impact of new standards and interpretations which have been or may be endorsed and require adoption by the Group in future reporting periods.

The Group does not consider that any standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

2 Statement of profit and loss without the effects of IFRS 16

The Group applied IFRS 16 for the first time in the prior year. Therefore in order to aid the comparability of our results with those previously issued, we provide the profit and loss statement without the effects of IFRS 16.

	26 weeks ended 26 September 2020 £'000	Restated* 26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Continuing operations			
Revenue	**2,242,112**	1,788,693	3,813,387
Cost of sales	**(1,440,592)**	(1,174,956)	(2,530,579)
Gross profit	**801,520**	613,737	1,282,808
Gain on sale and leaseback of the Bedford warehouse	**-**	-	48,984
Administrative expenses	**(540,680)**	(485,378)	(1,007,378)
Operating profit	**260,840**	127,359	324,414
Share of profits of investments in associates	**-**	500	879
Profit on ordinary activities before interest and tax	**260,840**	127,859	325,293
Finance costs	**(16,469)**	(12,428)	(24,983)
Finance income	**33**	95	213
Gain on revaluation of financial instrument	**-**	-	134
Profit on ordinary activities before tax	**244,404**	115,526	300,657
Income tax expense	**(47,617)**	(24,002)	(64,012)
Profit for the period from continuing operations	**196,787**	91,524	236,645
Attributable to owners of the parent	**196,787**	91,524	236,645
Discontinued operations			
Loss from discontinued operations	**-**	(77,844)	(119,444)
Profit for the period	**196,787**	13,680	117,201
Attributable to non-controlling interests	**-**	(8,911)	(10,306)
Attributable to owners of the parent	**196,787**	22,591	127,507

* This statement has been restated in respect of the reclassification of Jawoll as a discontinued operation and adjustments to our IFRS 16 balances, see notes 1 and 5.

The overall effect on continuing profit before tax of the IFRS 16 adjustments for the current period was a loss of £8.8m (Mar 20: £48.6m (including £32.1m in relation to the sale and leaseback of the Bedford warehouse), Sept 19: £9.6m). See note 11 for further details of the IFRS 16 balances.

3 Segmental information

IFRS 8 ('Operating segments') requires the Group's segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker to assess performance and allocate resources across each reporting segment.

The chief operating decision maker has been identified as the executive directors who monitor the operating results of the retail segments for the purpose of making decisions about resource allocation and performance assessment.

For management purposes, the Group is organised into three operating segments, UK B&M, UK Heron and France Babou segments comprising the three separately operated business units within the Group. Previously the Group consolidated the Germany Jawoll segment, until disposal in March 2020, see note 5.

Items that fall into the corporate category, which is not a separate segment but is presented to reconcile th balances to those presented in the main statements, include those related to the Luxembourg or associate entities, Group financing, corporate transactions, any tax adjustments and items we consider to be adjusting (see note 4).

The average euro rate for translation purposes was €1.1161/£ during the period, with the period end rate being €1.0935/£ (March 2020: €1.1441/£ and €1.1176; September 2019: €1.1257/£ and €1.1274/£ respectively).

26 week period to 26 September 2020	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	**Continuing Total £'000**
Revenue	1,885,390	216,168	140,554	-	**2,242,112**
EBITDA (note 4)	276,053	18,291	2,680	(6,057)	**290,967**
EBITDA (IFRS 16) (note 4)	352,611	23,621	17,539	(6,057)	**387,714**
Depreciation and amortisation	(78,211)	(10,478)	(16,431)	-	**(105,120)**
Net finance expense	(24,228)	(1,329)	(6,186)	(15,215)	**(46,958)**
Income tax (expense)/credit	(50,144)	(2,244)	1,534	2,394	**(48,460)**
Segment profit/(loss)	200,028	9,570	(3,544)	(18,878)	**187,176**
Total assets	2,929,493	295,742	390,167	29,900	**3,645,302**
Total liabilities	(1,463,060)	(121,246)	(258,759)	(809,216)	**(2,652,281)**
Capital expenditure*	(20,561)	(5,267)	(5,298)	-	**(31,126)**

The prior year statement, below, has been restated to reflect minor changes to the IFRS 16 calculations and to exclude the Germany Jawoll segment as it is a discontinued operation. Note that some expenses relating to the discontinued operation were previously included in the corporate column, and that these have also been excluded.

26 week period to 28 September 2019	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Continuing Total £'000
Continuing operations					
Revenue	1,456,380	188,247	144,066	-	1,788,693
EBITDA (note 4)	137,339	12,303	1,754	4,613	156,009
EBITDA (IFRS 16) (note 4)	208,117	16,104	16,944	4,613	245,778
Depreciation and amortisation	(72,594)	(8,660)	(17,875)	(3)	(99,132)
Net finance expense	(23,409)	(1,400)	(5,046)	(10,835)	(40,690)
Income tax (expense)/credit	(21,301)	(1,148)	1,972	(1,681)	(22,158)
Segment profit/(loss)	90,813	4,896	(4,005)	(7,906)	83,798
Total assets	2,632,567	285,275	323,536	125,005	3,366,383
Total liabilities	(1,283,172)	(123,287)	(220,088)	(808,137)	(2,434,684)
Capital expenditure*	(52,930)	(7,412)	(3,939)	(13,522)	(77,803)

52 week period to 28 March 2020	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Continuing Total £'000
Continuing operations					
Revenue	3,140,144	389,867	283,376	-	3,813,387
EBITDA (note 4)	321,590	25,551	(3,003)	38,839	382,977
EBITDA (IFRS 16) (note 4)	467,155	34,956	28,212	6,787	537,110
Depreciation and amortisation	(148,946)	(19,109)	(35,357)	(7)	(203,419)
Net finance expense	(42,722)	(2,809)	(10,538)	(25,599)	(81,668)
Income tax (expense)/credit	(48,921)	(2,444)	5,629	(11,510)	(57,246)
Segment profit/(loss)	226,566	10,594	(12,054)	(30,329)	194,777
Total assets	2,874,747	290,742	345,222	59,412	3,570,123
Total liabilities	(1,342,935)	(127,191)	(249,816)	(982,782)	(2,702,724)
Capital expenditure*	(69,908)	(13,220)	(8,198)	(30,276)	(121,602)

* Capital expenditure includes both tangible and intangible capital. The reconciling figure between the total and the figure given in the statement of cash flows is the capital expenditure at Jawoll in the respective periods. See note 5.

4 Reconciliation of non-IFRS measures from the statement of comprehensive income

The Group reports a selection of alternative performance measures as detailed below. The Directors believe that these measures provide additional information that is useful to the users of the accounts.

EBITDA, adjusted EBITDA and adjusted profit are non-IFRS measures and therefore we provide a reconciliation of these amounts to the statement of comprehensive income below. The prior year has been restated to reflect that the German operations were discontinued.

Period to	**26 weeks ended 26 September 2020 £'000**	Restated 26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Continuing operations			
Profit on ordinary activities before interest and tax	**282,594**	146,646	333,691
Add back depreciation and amortisation	**105,120**	99,132	203,419
EBITDA (IFRS 16)	**387,714**	245,778	537,110
Exclude effects of IFRS 16 on administrative expenses	**(96,747)**	(89,769)	(154,133)
EBITDA	**290,967**	156,009	382,977
Reverse the effect of ineffective derivatives	**6,242**	(4,101)	(641)
Foreign exchange on intercompany balances	**(1,569)**	(3,133)	(3,694)
Foreign exchange on the acquisition facility	**-**	2,620	3,334
Gain on sale and leaseback of the Bedford warehouse	**-**	-	(48,984)
Direct effects of the closure of the French stores due to Covid-19	**-**	-	9,315
Adjusted EBITDA	**295,640**	151,395	342,307
Pre IFRS 16 depreciation and amortisation	**(30,127)**	(28,150)	(57,684)
Net adjusted finance costs (see below)	**(11,863)**	(12,239)	(24,596)
Adjusted profit before tax	**253,650**	111,006	260,027
Adjusted tax	**(52,171)**	(23,125)	(57,048)
Adjusted profit for the period	**201,479**	87,881	202,979

All continuing adjusted profit for the period is attributable to owners of the parent.

Adjusted EBITDA (IFRS 16) and Adjusted Profit (IFRS 16) are calculated as follows. These are the statements of adjusted profit that includes the effects of IFRS 16.

Period to	**26 weeks ended 26 September 2020 £'000**	Restated 26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Continuing operations			
Adjusted EBITDA (above)	**295,640**	151,395	342,307
Include effects of IFRS 16 on EBITDA	**96,747**	89,769	154,133
Exclude the effect of IFRS 16 on the gain on Bedford	**-**	-	32,052
Adjusted EBITDA (IFRS 16)	**392,387**	241,164	528,492
Depreciation and amortisation	**(105,120)**	(99,132)	(203,419)
Interest costs related to lease liabilities	**(30,577)**	(28,451)	(57,206)
Net adjusted other finance costs	**(11,863)**	(12,239)	(24,596)
Adjusted profit before tax (IFRS 16)	**244,827**	101,342	243,271
Adjusted tax	**(50,481)**	(21,281)	(56,372)
Adjusted profit for the period (IFRS 16)	**194,346**	80,061	186,899

Net adjusted finance costs reconcile to finance costs in the statement of comprehensive income as follows;

Period to	**26 weeks ended 26 September 2020 £'000**	26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Other finance costs from the statement of comprehensive income	**(16,414)**	(12,334)	(24,809)
Add back one-off costs of refinancing (note 13)	**4,518**	-	-
Finance income from the statement of comprehensive income	**33**	95	213
Net adjusted finance costs	**(11,863)**	(12,239)	(24,596)

Adjusting items are the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Significant project costs or gains or losses arising from unusual circumstances or transactions may also be included if incurred, such as with the gain on the sale and leaseback of the Bedford warehouse and the direct loss incurred at Babou due to the closure of their stores during the pandemic in the prior full year. Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above. All adjusting items are considered to relate to the corporate segment.

Adjusted EBITDA and related measures are not measures of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

5 Business disposal

In the prior year, on 27 March 2020 the Group announced the disposal of J.A. Woll-Handels GmbH and it's subsidiaries ("Jawoll"), therefore forming a disposal group, for a consideration of €12,501k, comprising €12,500k to repay intercompany balances and £1k for the enterprise value of the business. Jawoll has therefore not been consolidated since this date.

As such it's prior period results have been reclassified in the statement of comprehensive income as discontinued operations under the definition given in IFRS 5.

The consideration receivable breaks down as follows;

	£'000	€'000
Deferred receivable against the intercompany loan balance	8,948	10,000
Receivable immediately against the intercompany trade receivable balance	2,237	2,500
Receivable against the transfer of the share capital	1	1
Total	11,186	12,501
Deferred consideration	(8,948)	(10,000)
Overdraft released on disposal	726	811
Amount related to the disposal as disclosed on the statement of cash flows	2,964	3,312

The €10m deferred receivable, less €24k of fees, was received in September 2020.

The loss on discontinued operations disclosed in the statement of comprehensive income comprised the following;

Period ended	52 weeks to 28 March 2020 £'000	26 weeks to 28 September 2019 £'000
Revenue	210,662	114,744
Impairment expense recognised in September 2019	(59,533)	(59,533)
Other expenses	(240,224)	(130,196)
Loss before tax	(89,095)	(74,985)
Income tax expense	(1,721)	(3,561)
Loss from discontinued operations before disposal	(90,816)	(78,546)
Loss on disposal	(23,106)	-
Tax charge on disposal	-	-
Loss from discontinued operations	(113,922)	(78,546)
Attributable to non-controlling interests	(9,172)	(9,051)
Attributable to owners of the parent	(104,750)	(69,495)

The net cash flows of the disposed entity break down as follows;

Period ended	52 weeks to 28 March 2020 £'000	26 weeks to 28 September 2020 £'000
Net cash flows from operating activities	3,015	(2,929)
Net cash flows from investing activities	(3,033)	(2,379)
Net cash flows from financing activities	(2,487)	(7,268)
Net decrease in cash and cash equivalents	(2,505)	(12,576)

Specifically, Jawoll spent £3,029k on capital additions in the prior full year and £2,373k in the prior half year. These are therefore the balancing numbers between the segment analysis cash flow in note 3, and that given on the statement of cash flows.

The equity balances held in non-controlling interests and the call/put reserve were entirely related to the Jawoll entities and have therefore been derecognised at the date of this transaction. The remaining balances have been recycled through to the retained earnings reserve, see the statement of changes in equity.

On 6 March 2020 the business Bedford DC Investments Ltd was disposed by the Group as part of a sale and leaseback transaction. The entity had no significant profit or loss items except those that related directly to the sale & leaseback transaction and therefore no further disclosures have been made relating to the discontinued operation within these interim accounts. Further disclosures relating to the sale and leaseback transaction are included in the previous annual report.

6 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at each period end.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each year plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares.

Adjusted (and adjusted (IFRS 16)) basic and diluted earnings per share are calculated in the same way as above, except using adjusted profit attributable to ordinary equity holders of the parent, as defined in note 4.

The prior half year figures have been restated in regard the reclassification of Jawoll as a discontinued operation and finalisation of the IFRS 16 balances.

There are share option schemes in place which have a dilutive effect on all periods presented. The increase in the number of shares used in the calculation of the basic earnings per share is due to the exercise of some of these options.

The following reflects the income and share data used in the earnings per share computations:

Period to	**26 September 2020 £'000**	Restated 28 September 2019 £'000	28 March 2020 £'000
Continuing operations			
Profit for the period attributable to owners of the parent	**187,176**	83,798	194,777
Adjusted profit for the period attributable to owners of the parent	**201,479**	87,881	202,979
Adjusted (IFRS 16) profit for the period attributable to owners of the parent	**194,346**	80,061	186,899
Discontinued operations			
Loss for the period attributable to owners of the parent	**-**	(69,495)	(104,750)
All operations			
Profit for the period attributable to owners of the parent	**187,176**	14,303	90,027

	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic loss per share	**1,000,627**	1,000,561	1,000,570
Effect of dilution:			
Employee share options	**1,220**	674	698
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,001,847**	1,001,235	1,001,268
Continuing operations	**Pence**	Pence	Pence
Basic earnings per share	**18.7**	8.4	19.5
Diluted earnings per share	**18.7**	8.4	19.5
Adjusted basic earnings per share	**20.1**	8.8	20.3
Adjusted diluted earnings per share	**20.1**	8.8	20.3
Adjusted IFRS 16 basic earnings per share	**19.4**	8.0	18.7
Adjusted IFRS 16 diluted earnings per share	**19.4**	8.0	18.7
Discontinued operations	**Pence**	Pence	Pence
Basic earnings per share	**-**	(6.9)	(10.5)
Diluted earnings per share	**-**	(6.9)	(10.5)
All operations	**Pence**	Pence	Pence
Basic earnings per share	**18.7**	1.4	9.0
Diluted earnings per share	**18.7**	1.4	9.0

7 Taxation

The continuing tax charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 19% (UK) and 31% (France) and then adjusted for allowances and non-deductibles in line with the prior year.

8 Intangible assets

	Goodwill £'000	Software £'000	Brands £'000	Other £'000	Total £'000
Cost or valuation					
At 30 March 2019	954,757	9,715	120,213	2,551	1,087,236
Additions	-	824	-	-	824
Disposals	-	(1)	-	-	(1)
Effect of retranslation	1,980	38	303	84	2,405
At 28 September 2019	956,737	10,576	120,516	2,635	1,090,464
Additions	-	537	-	-	537
Disposal of Jawoll	(35,367)	(1,108)	(5,324)	(1,545)	(43,344)
Other disposals	-	(11)	-	-	(11)
Effect of retranslation	541	16	82	23	662
At 28 March 2020	**921,911**	**10,010**	**115,274**	**1,113**	**1,048,308**
Additions	**-**	**418**	**-**	**-**	**418**
Disposals	**-**	**-**	**-**	**-**	**-**
Effect of retranslation	**591**	**6**	**93**	**25**	**715**
At 26 September 2020	**922,502**	**10,434**	**115,367**	**1,138**	**1,049,441**
Accumulated amortisation / impairment					
At 30 March 2019	-	4,377	235	1,308	5,920
Charge for the period	-	1,108	159	27	1,294
Impairment of Jawoll	35,112	611	5,286	154	41,163
Disposals	-	-	-	-	-
Effect of retranslation	(53)	14	(2)	43	2
At 28 September 2019	35,059	6,110	5,678	1,532	48,379
Charge for the period	-	1,079	196	-	1,275
Disposal of Jawoll	(35,367)	(1,095)	(5,324)	(1,545)	(43,331)
Other disposals	-	(12)	-	-	(12)
Effect of retranslation	308	13	56	13	390
At 28 March 2020	**-**	**6,095**	**606**	**-**	**6,701**
Charge for the period	**-**	**1,132**	**202**	**-**	**1,334**
Disposals	**-**	**-**	**-**	**-**	**-**
Effect of retranslation	**-**	**6**	**16**	**-**	**22**
At 26 September 2020	**-**	**7,233**	**824**	**-**	**8,057**
Net book value at 26 September 2020	**922,502**	**3,201**	**114,543**	**1,138**	**1,041,384**
Restated net book value at 28 March 2020	921,911	3,915	114,668	1,113	1,041,607
Net book value at 28 September 2019	921,678	4,466	114,838	1,103	1,042,085

9 Impairment review

Impairment reviews of the B&M, Heron and Babou segments were carried out at the year end, see the 2020 annual report for further details.

At the year end date, 28 March 2020, the Babou stores were closed due to the restrictions put in place by the French government in response to the Covid-19 pandemic, and that this was an indication of potential impairment. However, the impairment test carried out did not identify that a specific impairment was required.

Since that date the Babou stores have reopened and are trading profitably in excess of management expectations. A review of the impairment test at the year end, holding other variables equal but updating the forecast for the improved performance and the potential effects of the second lockdown in November, indicates that Babou has significant headroom and no other signs of impairment have been noted. Therefore no further impairment review is required at the interim period. Also see note 18 in regards to post balance sheet events.

Due to a minor change in policy by the Group, terminal growth rates as used in impairment tests are to be capped in line with the overall growth rate of the macro economy to which each segment belongs, when non-negative. Had this policy been in place at the prior year end it would only have affected the test carried out over the Heron segment and would have reduced the reported head room from £143m to £132m. This therefore does not affect the judgement that no impairment was required. Full impairment tests to cover all CGU's will take place at the Group's next year end date of 27 March 2021.

Jawoll impairment (prior year)

Our German business Jawoll continued to underperform against management expectations and had not yet delivered the improvement that was previously expected. As such, it became necessary to carry out a further impairment review at the half year end date in September 2019.

The review considered the projected future performance of the business based on a range of inputs, and was carried out in the segments base currency of the Euro. The key assumptions were as stated in the table below and also there was a key assumption in regards to the abnormal level of logistics costs with some mitigation expected over the period of the projections, but without the logistics costs returning to the original lower level previously experienced by the business.

The assumptions used were as stated below with the usual Group key assumptions used, in addition to the gross margin which was an estimate provided by management based upon the expected rate of recovery of the margin in the business.

As at	**September 2019**
Discount rate (Jawoll)	**12.4%**
Inflation rate for costs (Jawoll)	**1.4%**
Like for like sales growth (Jawoll)	**1.0%**
Gross margin (Jawoll)	**37.5%**
Terminal growth rate (Jawoll)	**1.4%**

The results of the impairment exercise were considered by the Board which concluded that all of the Goodwill and Brand assets should be impaired, as well as other assets within the underperforming stores excluding the assets based at the warehouse which management considered separately supportable.

Associated deferred tax assets and liabilities have been derecognised, and the deferred tax asset carried in relation to the use of future profits has also been derecognised. The right of use assets, previously classified as finance leases, were also provided against.

The total impairment reflects the following adjustments, with the GBP values presented at the rate used to translate the items for the purposes of profit and loss (1.1257€/£, the rate for the statement of financial position was 1.1274€/£), being the prevailing rates for the half year.

	€'000	**£'000**
Goodwill	39,526	35,112
Brands	5,950	5,286
Software and other intangible assets	861	765
Land & buildings (including £4,940k right of use assets)	6,282	5,581
Other fixed assets	14,398	12,789
Impairment recognised in administrative costs	**67,017**	**59,533**
Deferred tax asset	12,717	11,297
Deferred tax liability	(1,710)	(1,519)
Impairment recognised in income tax expense	**11,007**	**9,778**
Total impairment	**78,024**	**69,311**

The impairment is included in loss from discontinued operations as Jawoll was subsequently disposed in March 2020. See note 5 for more details on the disposal.

10 Property, plant and equipment

	Land and buildings £'000	Motor Vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Cost or valuation				
At 30 March 2019	163,267	12,943	341,721	517,931
Additions	30,302	2,628	46,422	79,352
Disposals	(1,490)	(778)	(1,537)	(3,805)
Transfer to "Held for sale"	(89,016)	-	-	(89,016)
Effect of retranslation	559	19	1,558	2,136
At 28 September 2019	103,622	14,812	388,164	506,598
Additions	6,739	1,947	35,232	43,918
Disposal of Jawoll	(17,777)	(478)	(24,406)	(42,661)
Other disposals	(7,096)	(384)	(19,225)	(26,705)
Effect of retranslation	315	3	667	985
At 28 March 2020	**85,803**	**15,900**	**380,432**	**482,135**
Additions	**6,230**	**1,383**	**23,095**	**30,708**
Disposals	**(3,427)**	**(257)**	**(2,849)**	**(6,533)**
Effect of retranslation	**-**	**1**	**861**	**862**
At 26 September 2020	**88,606**	**17,027**	**401,539**	**507,172**
Accumulated depreciation				
At 30 March 2019	20,037	3,303	116,010	139,350
Charge for the period	2,203	1,315	23,892	27,410
Impairment	1,193	32	12,759	13,984
Disposals	(199)	(559)	(1,414)	(2,172)
Effect of retranslation	144	6	352	502
At 28 September 2019	23,378	4,097	151,599	179,074
Charge for the period	2,343	1,455	23,047	26,845
Disposal of Jawoll	(6,220)	(167)	(21,973)	(28,360)
Other disposals	(250)	(301)	(7,689)	(8,240)
Effect of retranslation	219	1	398	618
At 28 March 2020	**19,470**	**5,085**	**145,382**	**169,937**
Charge for the period	**2,024**	**1,516**	**23,877**	**27,417**
Disposals	**(198)**	**(219)**	**(2,440)**	**(2,857)**
Effect of retranslation	**-**	**-**	**292**	**292**
At 26 September 2020	**21,296**	**6,382**	**167,111**	**194,789**
Net book value at 26 September 2020	**67,310**	**10,645**	**234,428**	**312,383**
Net book value at 28 March 2020	66,333	10,815	235,050	312,198
Net book value at 26 September 2019	80,244	10,715	236,565	327,524

In the prior year the Group built a large new warehouse which was subsequently sold and leased back. As such the asset was held as "Held for Sale" at the prior half year end.

11 Right of use assets

This schedule has been restated in respect of the prior year in order to reflect the finalised IFRS 16 balances.

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Net book value				
At 30 March 2019	1,010,733	20,096	6,044	1,036,873
Additions	102,538	2,363	2,852	107,753
Modifications	5,778	22	98	5,898
Disposals	(6,114)	(129)	(77)	(6,320)
Impairment	(6,162)	-	-	(6,162)
Depreciation	(71,643)	(3,421)	(1,805)	(76,869)
Foreign exchange	7,340	24	116	7,480
As at 28 September 2019	1,042,470	18,955	7,228	1,068,653
Additions	210,342	3,027	2,550	215,919
Modifications	(1,576)	(1)	(95)	(1,672)
Disposal of Jawoll	(82,459)	(560)	(237)	(83,256)
Other disposals	(34,985)	-	(245)	(35,230)
Impairment	(676)	-	-	(676)
Depreciation	(74,593)	(3,564)	(1,772)	(79,929)
Foreign exchange	2,750	9	50	2,809
As at 28 March 2020	**1,061,273**	**17,866**	**7,479**	**1,086,618**
Additions	**54,420**	**57**	**1,799**	**56,276**
Modifications	**2,642**	**2**	**-**	**2,644**
Disposals	**(3,927)**	**(19)**	**(47)**	**(3,993)**
Impairment	**(1,134)**	**-**	**-**	**(1,134)**
Depreciation	**(71,513)**	**(3,062)**	**(1,795)**	**(76,370)**
Foreign exchange	**3,781**	**6**	**(91)**	**3,696**
As at 26 September 2020	**1,045,542**	**14,850**	**7,345**	**1,067,737**

The vast majority of the Group's leases are in relation to the property comprising the store and warehouse network for the business. The other leases recognised are trucks, trailers, company cars, manual handling equipment and various fixtures and fittings. The leases are separately negotiated and no subgroup is considered to be individually significant nor to contain individually significant terms.

The Group recognises a lease term appropriate to the business expectation of the term of use for the asset which usually assumes that all extension clauses are taken, and break clauses are not, unless the business considers there is a good reason to recognise otherwise.

Sale and Leasebacks

During the period the business has undertaken one sale and leaseback (Sept 19: none, Mar 20: 2). The transaction in this period and one of the prior year transactions were for stores occupied by B&M Retail Ltd. The other prior year transaction was in regards to the Bedford warehouse.

Period to	**26 September 2020 £'000**	28 September 2019 £'000	28 March 2020 £'000
Consideration received	**6,080**	-	158,710
Net book value of the disposed asset	**(3,209)**	-	(106,614)
Costs of sale when specifically recognised	**-**	-	(1,070)
Profit per pre-IFRS 16 accounting standards	**2,871**	-	51,026
Opening adjustment to the right of use asset	**(3,013)**	-	(34,098)
(Loss)/profit recognised in the statement of comprehensive income	**(142)**	-	16,928
Initial right of use asset recognised	**3,368**	-	69,310
Initial lease liability recognised	**(6,381)**	-	(103,408)

12 Share capital

Allotted, called up and fully paid	Nominal value £'000	Number of shares
B&M European Value Retail S.A. Ordinary shares of 10p each;		
At 30 March 2019 and 28 September 2019	100,056	1,000,561,222
Shares issued due to exercise of employee share options	2	21,676
At 28 March 2020	**100,058**	**1,000,582,898**
Shares issued due to exercise of employee share options	**15**	**150,249**
At 26 September 2020	**100,073**	**1,000,733,147**

Ordinary Shares
Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote. The Group parent is authorised to release up to a maximum of 2,971,661,000 (2019: 2,971,661,000) ordinary shares.

The outstanding share options can be summarised as follows;

	26 September 2020	28 September 2019	28 March 2020
Vested, available to exercise	**285,027**	32,725	11,049
Vested, not available to exercise (in holding period)	**346,876**	322,819	326,469
Awarded, not vested (subject to conditions)	**2,286,801**	2,029,773	2,129,607
Total outstanding share options	**2,918,704**	2,385,317	2,467,125

For the dilutive effect of these, see note 6.

13 Financial liabilities - borrowings

	26 September 2020 £'000	28 September 2019 £'000	28 March 2020 £'000
Current			
Revolving facility bank loan	**-**	106,000	120,000
Acquisition facility	**-**	81,547	82,304
Babou government backed loan facility	**46,639**	-	-
Babou other loan facilities	**3,572**	3,921	3,608
Heron loan facilities	**4,865**	2,178	5,150
	55,076	193,646	211,062
Non-current			
High yield bond notes	**396,421**	248,512	248,830
Term facility bank loan	**295,830**	298,508	298,916
Babou loan facilities	**7,350**	7,381	7,357
Heron loan facilities	**5,512**	10,371	6,315
	705,113	564,772	561,418

Refinancing

On 13 July 2020 the Group refinanced their main facilities by repaying the previously existing £250m high yield bond notes, the £300m term loan and the €92m acquisition facility, and drawing down a new main facility of £300m and issuing £400m of high yield bonds. The maturity dates on the new facilities are April 2025 and July 2025 respectively.

The previously held £150m revolving loan facility has also been replaced by a £155m revolving loan facility which was not drawn on the date of the refinancing.

£100m of the high yield bonds issued were purchased by a related party. See note 16 for further details.

The carrying values given above include fees incurred on the refinancing which are to be amortised over the terms of those facilities. More details of these are given below.

The following fees were expensed through other finance costs in relation to the loans and bonds which have been repaid.

	£'000
Remaining unamortised fees associated with the repaid term loan	**845**
Remaining unamortised fees associated with the repaid acquisition loan	**65**
Remaining unamortised fees associated with the repaid high yield bonds	**983**
Early repayment charge associated with the corporate bonds	**2,578**
Breakage fees	**47**
Total fees expensed through other finance costs	**4,518**

The following fees were incurred on refinancing and have been capitalised within the debt balance, to be amortised over the term of the debt to which it relates.

	£'000
Capitalised fees relating to the term loan facility	**4,348**
Capitalised fees relating to the high yield bonds	**3,742**
Total fees capitalised within the debt balances	**8,090**

The figure on the cashflow of £10.8m includes the above £8.1m capitalised fees, £2.6m early repayment/breakage charges and £0.1m of fees associated with an earlier extension of the acquisition facility.

Further fees are to be received but are not expected to be significant. Those fees are likely to be capitalised.

French government backed loan

In April 2020 the French government mandated that our Babou stores were required to close as part of their response to the Covid-19 pandemic. As a mitigation they introduced government backed loans to assist the company's affected by this measure. As a precaution and due to the uncertainty over the progression of the virus and the impact on trade, the Group's French entity took a €51m loan under this scheme.

The loan has an initial maturity of 1 year, which is interest free but attracts a guarantor's fee of 0.5%. On maturity, in April 2021, the loan can be repaid or extended for up to 5 years with a guarantor's fee of up to 2.0% and a low variable interest rate payable to the bank.

The loan is only for use in the French business, in respect to their working capital cash flows, and as such the cash balance remains in that entity and did not impact the refinancing decisions taken in the period.

Other loan details

The Babou loan facilities are held in Euros. All other borrowings are held in sterling.

The term facility bank loan, high yield bonds and formerly the acquisition facility have a book value lower than the cash amount that is outstanding due to the allocation of fees to these facilities on their inception.

The gross cash values of these facilities are £300m for the term facility bank loan (Sept 19, Mar 20: £300m) and £400m for the high yield bonds (Sept 19, Mar 20: £250m). The acquisition facility had a gross value of €92m. All other loans have book value equal to the gross cash value.

The current applicable interest rates and maturities on the Group's loans are as follows;

	Interest rate %	Maturity
Revolving facility loan	1.75% + LIBOR	N/A – none held
Term facility bank loan A	2.00% + LIBOR	Apr-25
High yield bond notes	3.625%	Jul-25
Heron loan facilities – Melton	2.25% + LIBOR	Jul-22
Heron loan facilities – Offset	2.45% + LIBOR	Sep-20*
Heron loan facilities – Term	2.50% + LIBOR	Dec-21
Babou – BNP Paribas	0.75%-0.76%	Jan 23–Mar 24
Babou – Caisse d'Épargne	0.75%-1.50%	Feb 22-Oct 24
Babou – CIC	0.71%-2.18%	Jul 21-Jun 25
Babou – Crédit Agricole	0.39%-0.52%	Aug 23-Sep 25
Babou - Crédit Lyonnais	0.68%-0.74%	Nov 24-Apr 25
Babou - Société Générale	0.63%	Jun-23
Babou – Government backed loan	N/A	Apr-21

* the Heron-Offset loan was repaid on 28 September 2020.

14 Reconciliation of profit before tax to cash generated from operations

	26 weeks ended 26 September 2020 £'000	26 weeks ended 28 September 2019 £'000	52 weeks ended 28 March 2020 £'000
Profit for the period	**187,176**	5,252	80,855
Tax charge on continuing operations	**48,460**	22,158	57,246
Tax charge on discontinued operations	**-**	3,561	1,721
Profit before tax	**235,636**	30,971	139,822
Adjustments for:			
Net interest expense	**46,958**	44,250	88,588
Depreciation of property, plant and equipment	**27,417**	27,410	54,255
Depreciation of right of use assets	**76,370**	76,868	156,798
Amortisation of intangible assets	**1,334**	1,294	2,568
Gain on sale and leaseback	**142**	-	(16,928)
Loss/(profit) on disposal of property, plant and equipment	**387**	(244)	(163)
Charge on share options	**879**	659	1,422
Change in inventories	**(106,445)**	(170,685)	29,348
Change in trade and other receivables	**3,519**	(3,329)	693
Change in trade and other payables	**111,143**	104,086	77,076
Change in provisions	**(371)**	571	686
Share of profit from associates	**-**	(500)	(879)
Loss/(profit) resulting from fair value of financial derivatives	**6,242**	(4,101)	(641)
Cash generated from operations	**403,211**	107,250	532,645

* This statement has been restated in respect of the reclassification of Jawoll as a discontinued operation, adjustments to our IFRS 16 balances, and to present the foreign exchange movement in line with the current year presentation, see notes 1 and 5.

15 Financial instruments

The fair value of the financial assets and liabilities of the Group are not materially different from their carrying value. Refer to the table below.

As at	**26 September 2020**	28 September 2019	28 March 2020
Financial assets:	**£'000**	£'000	£'000
Fair value through profit and loss			
Fuel price swap	**-**	73	-
Forward foreign exchange contracts	**1,015**	7,002	5,351
Fair value through other comprehensive income			
Forward foreign exchange contracts	**3,447**	14,378	11,351
Loans and receivables			
Cash and cash equivalents	**438,763**	77,644	428,205
Trade receivables	**17,073**	10,112	13,566
Other receivables	**15,667**	14,032	24,918
Financial liabilities:			
Fair value through profit and loss			
Fuel price swap	**827**	26	1,847
Forward foreign exchange contracts	**2,957**	96	-
Deferred consideration relating to Heron purchase	**-**	12,084	-
Fair value through other comprehensive income			
Forward foreign exchange contracts	**2,331**	178	-
Amortised cost			
Overdrafts	**-**	15,634	928
Lease liabilities	**1,304,378**	1,266,157	1,295,244
Interest-bearing loans and borrowings	**760,189**	758,418	772,480
Trade payables	**400,226**	386,951	326,578
Other payables	**5,265**	9,057	4,201

Financial instruments at fair value through profit and loss

The financial assets and liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts, interest rate swaps and fuel swaps that are intended to reduce the level of risk for expected sales and purchases.

The forward foreign exchange and fuel derivative contracts have been valued by the issuing bank, using a mark to market method. The bank has used various inputs to compute the valuations and these include inter alia the relevant maturity date and strike rates, the current exchange rate, fuel prices and LIBOR levels.

The Group's financial instruments are either carried at fair value or have a carrying value which is considered a reasonable approximation of fair value.

16 Related party transactions

The Group has transacted with the following related parties over the periods:

Multi-lines International Company Limited, a supplier, and Home Focus Group and Centz Retail Holdings, both customers, are associates of the Group.

Ropley Properties Ltd, Triple Jersey Ltd, TJL UK Ltd, Rani Investments and Multi Lines International (Properties) Ltd, all landlords of properties occupied by the Group, and SSA Investments, bondholders and the beneficial owners of equipment hired to the Group are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

As announced in July 2020, there was a significant new related party transaction in the period as SSA Investments participated in the High Yield Bonds issued by the Group by purchasing £100m of these 3.625% bonds with a five year maturity. £1,057k of interest expense has been incurred on these bonds in the period. Further details on these bonds and the refinancing are given in note 13.

The following tables set out the total amount of trading transactions with related parties included in the statement of comprehensive income;

Period ended	**28 March 2020 £'000**	30 March 2019 £'000
Purchases from associates of the Group		
Multi-lines International Company Ltd	**180,721**	141,015
Purchases from parties related to key management personnel		
Multi-Lines International (Properties) Ltd	**479**	410
SSA Investments	**97**	44
Total purchases from related parties	**181,297**	141,469

	26 weeks ended 26 September 2020 £'000	26 weeks ended 28 September 2019 £'000	52 weeks ended 26 March 2020 £'000
Sales to associates of the Group			
Centz Retail Holdings Limited	**18,924**	10,275	25,327
Home Focus Group Limited	**962**	959	1,944
Total sales to related parties	**19,886**	11,234	27,271

	26 weeks ended 26 September 2020 £'000	26 weeks ended 28 September 2019 £'000	52 weeks ended 26 March 2020 £'000
Purchases from associates of the Group			
Multi-lines International Company Ltd	**98,267**	124,433	180,721
Purchases from parties related to key management personnel			
Multi-Lines International (Properties) Ltd	**242**	241	479
SSA Investments	**-**	21	97
Total sales to related parties	**98,509**	124,695	181,297

The IFRS 16 Lease figures in relation to the following related parties, which are all related to key management personnel, are as follows;

	Depreciation Charge £'000	Interest Charge £'000	Total Charge £'000	Right of use Asset £'000	Lease Liability £'000	Net Liability £'000
Period ended 26 September 2020						
Rani Investments	**42**	**31**	**73**	**654**	**(820)**	**(166)**
Ropley Properties	**830**	**464**	**1,294**	**11,464**	**(14,459)**	**(2,995)**
TJL UK Limited	**371**	**207**	**578**	**8,864**	**(10,341)**	**(1,477)**
Triple Jersey Limited	**4,407**	**2,073**	**6,480**	**69,910**	**(84,971)**	**(15,061)**
	5,650	**2,775**	**8,425**	**90,892**	**(110,591)**	**(19,699)**
Period ended 28 September 2019						
Rani Investments	38	31	69	642	(801)	(159)
Ropley Properties	967	583	1,550	14,215	(16,664)	(2,449)
TJL UK Limited	371	218	589	9,605	(10,964)	(1,359)
Triple Jersey Limited	4,903	2,650	7,553	80,553	(97,559)	(17,006)
	6,279	3,482	9,761	105,015	(125,988)	(20,973)
Period ended 28 March 2020						
Rani Investments	76	61	137	604	(734)	(130)
Ropley Properties	1,827	1,078	2,905	12,518	(14,825)	(2,307)
TJL UK Limited	741	432	1,173	9,235	(10,656)	(1,421)
Triple Jersey Limited	9,362	4,914	14,276	72,121	(86,039)	(13,918)
	12,006	6,485	18,491	94,478	(112,254)	(17,776)

The following tables set out the total amount of trading balances with related parties outstanding at the period end.

Trade receivables	**26 September 2020 £'000**	28 September 2019 £'000	26 March 2020 £'000
With associates of the Group			
Centz Retail Holdings Limited	**5,972**	3,831	5,687
Home Focus Group Limited	**-**	97	85
With parties related to key management personnel			
Rani Investments	**13**	13	-
Ropley Properties Ltd	**113**	149	-
Triple Jersey Ltd	**400**	502	-
Total trade receivables	**6,498**	4,592	5,772

Trade payables	**26 weeks ended 26 September 2020 £'000**	26 weeks ended 28 September 2019 £'000	52 weeks ended 26 March 2020 £'000
With associates of the Group			
Multi-lines International Company Ltd	**12,900**	17,285	9,588
With parties related to key management personnel			
Rani Investments	**-**	-	26
Ropley Properties Ltd	**-**	-	380
Triple Jersey Ltd	**-**	-	1,438
Total sales to related parties	**12,900**	17,285	11,432

Outstanding trade balances at the balance sheet dates are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party trade receivables or payables.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties in any of the presented periods. This assessment is undertaken through examining the financial position of the related party and the market in which the related party operates.

The future lease commitments on the related party properties are;

	26 weeks ended 26 September 2020 £'000	26 weeks ended 28 September 2019 £'000	52 weeks ended 26 March 2020 £'000
Not later than one year	**16,397**	17,276	16,496
Later than one year and not later than two years	**16,713**	17,453	16,604
Later than two years and not later than five years	**41,474**	47,839	42,280
Later than five years	**63,581**	78,733	66,743
	138,165	161,301	142,123

Further details regarding the Group's associates and transactions with key management personnel are disclosed in the annual report.

17 Commitments

There are no significant capital commitments as at the half year end.

18 Post balance sheet events

An interim dividend of 4.3 pence per share (£43.0m), and a special dividend of 25.0 pence per share (£250.3m) have been proposed.

On 28 October 2020 the French government announced a second national lockdown, and this necessitated the closure of the Group's Babou stores which are all in that country.

Babou have been supported with a €51m loan, drawn in April and 90% guaranteed by the French government whilst the remainder of the Group remains open and trading profitably. Therefore management consider that this does not have a material impact on the going concern statement.

Babou also traded in excess of management expectations once they reopened after the first lockdown, and management believe that there is therefore no reason to believe that this temporary closure reflects an indication of impairment, and believe that it is not realistic to consider that the calculated excess on our review would be breached by the loss of earnings over this period. Therefore the closures have no material impact on this assessment.

On 1 November 2020 the UK government announced a second national lockdown however, as in the earlier national lockdown, all stores are expected to remain open and trading and therefore this does not have an impact on the going concern statement, nor impairment calculations.

In light of the strong performance during H1 FY21 and the ongoing trading performance, the Group has repaid £3.6m received under the UK Government's Job Retention Scheme, which primarily related to the 49 stores closed during the early weeks of the initial spring lockdown. Additionally, it does not intend to participate in the Job Retention Bonus.

There have been no other material events between the balance sheet date and the date of issue of these accounts.

19 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
S Arora (CEO)
P McDonald (CFO) (see note below)
R McMillan
T Hall
C Bradley
G Petit

All directors served for the whole period.

As announced on 9 July 2020, Paul McDonald will retire from the board on 15 November 2020. Alex Russo will join the board on 16 November 2020 as Group CFO.

Responsibility statement of the Directors in respect of the half-yearly financial report
We confirm that to the best of our knowledge:

•the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

•the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Simon Arora	**Paul McDonald**
Chief Executive	Chief Financial Officer
12 November 2020	

Report of the Réviseur d'Entreprises agréé
on the review of condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 26 September 2020, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 26 September 2020 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, November 12, 2020

KPMG Luxembourg Société coopérative
Cabinet de révision agréé

Thierry Ravasio