



3 June 2021

B&M European Value Retail S.A.

FY21 Preliminary Results Announcement

An Exceptional Year

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its Preliminary Results for the 52 weeks to 27 March 2021 ("FY21").

HIGHLIGHTS

- Group revenues increased by 25.9% to £4,801.4m (FY20: £3,813.4m), 25.7% on a constant currency basis¹
- B&M UK fascia² revenue up 29.9%, including like-for-like³ ("LFL") revenue growth of 23.8% within which H1 was 23.0% and H2 was 24.5%
- Group adjusted EBITDA⁴ (pre-IFRS16) increased by 83.0% to £626.4m (FY20: £342.3m) with an exceptional adjusted EBITDA⁴ margin of 13.0% (FY20: 9.0%) driven by higher sales densities, an elevated gross margin due to lack of markdown activity and operating leverage in the core B&M UK business
- Group statutory profit before tax, stated post-IFRS16, increased 108.5% to £525.4m (FY20: £252.0m) with statutory diluted earnings per share 42.7p (FY20: 19.5p⁶)
- 43 gross new B&M UK store openings, weighted towards H2 following initial delays caused by Covid-19 at the start of FY21, offset by 18 closures
- Babou delivered an adjusted EBITDA⁴ of £11.1m (FY20: £(3.0)m), despite the disruption caused by 10 weeks of lockdown restrictions. FY21 ended with a total French estate of 104 stores, of which 73 now trade as "B&M"
- Cash generated from operations of £944.0m (FY20: £539.5m), reflecting EBITDA growth and tight working capital discipline
- Year-end net debt⁵ of £519.8m, with net debt⁵ to adjusted EBITDA⁴ leverage ratio (pre-IFRS16) of 0.8x (FY20: 1.0x), comfortably within our stated leverage ceiling of 2.25x
- Rewarded colleagues and invested in the communities we serve through the payment of colleague recognition bonuses in relation to Covid-19 and the creation of over 7,200 new UK jobs
- Recommended final dividend⁷ increased by 140.7% to 13.0p per share (FY20: 5.4p), bringing the full year ordinary dividend to 17.3p per share (FY20: 8.1p), at the top end of our ordinary dividend pay-out policy. This is in addition to £450m of special dividends⁷ paid in FY21

Simon Arora, Chief Executive, said,

"The last year has been an exceptional one. Our results reflect the speed at which we responded to the challenges presented by Covid-19, and the strength of our execution. The core B&M UK business, as an essential retailer, traded throughout the year and welcomed a number of new shoppers, with colleagues working tirelessly to maintain on-shelf availability and provide a safe shopping environment. We also made strong progress in France, despite many stores being closed for up to ten weeks throughout the year. I express my sincere thanks to colleagues across the Group for all of their efforts and determination.

Looking ahead, there are many uncertainties as society slowly emerges from lockdown and trading patterns are likely to be unpredictable for much of the year. Within our UK business, we will be up

against the strong comparatives from last year but we remain confident that the B&M customer proposition, with its modern network of predominantly Out of Town stores and value-led variety offer, will prove highly relevant to the needs of shoppers. As such, we are well positioned to support the communities in which we trade, retain the loyalty of new customers, and to continue our store roll-out strategy.”

Financial Results

	FY21	FY20	Change
Number of Stores			
Group	1,091	1,050	+3.9%
B&M UK	681	656	+3.8%
Heron Foods	306	293	+4.4%
Babou	104	101	+3.0%
Total Group revenues	£4,801.4m	£3,813.4m	+25.9%
B&M UK	£4,077.6m	£3,140.1m	+29.9%
Heron Foods	£414.8m	£389.9m	+6.4%
Babou	£309.1m	£283.4m	+9.1%
Group adjusted EBITDA ⁴	£626.4m	£342.3m	+83.0%
B&M UK	£590.7m	£319.8m	+84.7%
Heron Foods	£24.6m	£25.5m	(3.5)%
Babou	£11.1m	£(3.0)m	n/a
Group adjusted EBITDA ⁴ margin %	13.0%	9.0%	+407 bps
Group statutory profit before tax	£525.4m	£252.0m	+108.5%
Group adjusted profit before tax ⁴	£540.1m	£260.0m	+107.7%
Adjusted diluted EPS ⁴	43.4p	20.3p	+113.8%
Statutory diluted EPS	42.7p	19.5p ⁶	+119.0%
Ordinary dividends ⁷	17.3p	8.1p	+113.6%

1. Constant currency comparison involves restating the prior year Euro revenues using the same exchange rate as that used to translate the current year Euro revenues.
2. References in this announcement to the B&M UK 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. When reporting adjusted EBITDA, B&M UK also includes the corporate segment as referred to in note 2 of the financial statements, and includes an adjusted loss of £(1.5)m (FY20: £(1.9)m).

3. Like-for-like revenue relates to the B&M UK 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 adopted as it excludes the two month halo period which new stores experience following opening.
4. 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 3 and 5 of the financial statements. Adjusted figures exclude the impact of IFRS16.
5. Net debt comprises interest bearing loans and borrowings, overdrafts and cash and cash equivalents. Net debt was £519.8m at the year end, reflecting £737.5m as the carrying value of gross debt netted against £217.7m of cash. See notes 18, 21 and 28 of the financial statements for more details.
6. Statutory diluted EPS for FY20 reflects continuing operations only. Including discontinued operations, FY20 statutory diluted EPS was 9.0p.
7. Dividends are stated as gross amounts before deduction of Luxembourg withholding tax, which is currently 15%.
8. Net capital expenditure includes the purchase of property, plant and equipment, intangible assets and proceeds from the sale of any of those items. These exclude IFRS16 lease liabilities.

Analyst & Investor Webcast and Conference Call

An Analyst & Investor only webcast and conference call in relation to these FY21 Preliminary Results will be held on Thursday 3 June 2021 at 09:00 am (UK).

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

UK & International: +44 (0) 330 606 1118

US: +1 646 394 9697

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

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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 681 stores in the UK operating under the "B&M" brand, 306 stores under the "Heron Foods" and "B&M Express" brands, and 104 stores in France operating under both the "Babou" and "B&M" brands as at 27 March 2021. 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

Chief Executive's Review

Overcoming the challenges of Covid-19 to emerge a stronger business

A year ago, I was writing about how the impacts of the virus on individuals, communities, our industry and the wider economy were unknown but likely to be very significant and potentially long lasting. Such uncertainties remain, despite the positive progress made over recent months in relation to the vaccination rollout and easing of lockdown restrictions in the UK.

While everyone came to terms with the impact of Covid-19 on their daily lives, as a business we too were forced to adapt. Serving customers efficiently and safely during sustained periods of unprecedented demand, managing our supply chain to ensure shelves remained full, and supporting colleagues through the disruption to both work and family life were just some aspects of the new realities which we faced.

I am very proud of the way in which we have overcome these challenges, as the business remained guided by its values of simplicity, trust, fairness and being proud to provide customers with great value for money. Thanking my management team for the strong leadership they have demonstrated throughout the crisis, and all our colleagues for everything they have done on behalf of customers and shareholders, is once again my most important task this year. Awarding front line colleagues 110% of their normal pay in April 2020 during the height of the crisis, and paying them an extra week's wages in January 2021, were both fully deserved.

Special praise should also be given to our French colleagues who, despite the disruption caused by 10 weeks of lockdown restrictions, delivered sales growth of 9.1% for the year; a remarkable achievement and testament to the capability of the management team. I am also delighted by the EBITDA outturn for the year, which was ahead of what my initial expectations following the start of the first lockdown.

The results for FY21 reflect the benefits of remaining open throughout the year in the UK but have nevertheless been hard earned, and reflect the way in which the business has reacted. They speak to the strength and resilience of the B&M model, which at its heart is the fact that we are a value retailer backed by a well invested infrastructure and robust and highly responsive supply chain.

The majority of our products are sourced from overseas and, in particular, Asia. Despite normal lead times of 12-16 weeks on imported everyday products, and up to 9 months on imported Seasonal products, our trading teams were able to meet customer demand and deliver an exceptional like-for-like³ sales growth of 23.8% in the core B&M UK business.

Our combination of value and convenience makes the B&M proposition very relevant to the needs of today's shoppers. Our 681 B&M UK stores are mostly Out of Town and have demonstrated they are now destinations in their own right for an increasing number of customers, including many new shoppers in FY21. We are relatively insulated from the structural footfall decline in town centres and secondary malls. In addition, Heron Foods serves customers who generally live within walking distance of our convenience stores, meaning they too have played an important role helping communities through the pandemic by providing easy access to essential groceries.

To play our part in the collective response to the pandemic, we took a number of actions. We have delivered a total of £1m in cash donations to Foodbanks nationwide, provided £4.9m in discounts to NHS workers, continued to pay all suppliers and landlords on time and in full, and chose not to take any financial support from the UK government, in particular waiving business rates relief worth c.£80m. We also repaid £3.7m in furlough support which we received in the early weeks of the first lockdown, relating to 49 stores that we temporarily closed due to their locations in town centres or shopping malls.

Having navigated the past 12 months successfully, I believe that the B&M Group has emerged even stronger. The business is well positioned to provide for shoppers needs, especially in the context of potential societal changes caused by the pandemic. In particular, our discounted, value-for-money food and FMCG products appeal to lower income households who may have been disproportionately affected by the economic impacts of the pandemic.

Notwithstanding these core Grocery credentials, our highly affordable Home, DIY and Gardening categories are proving attractive for families who are likely to be spending more time working from home even when restrictions are fully lifted. These three categories account for a significant proportion of our UK sales, with ranges consisting of both leading brands and quality private label products manufactured exclusively for us.

We have clearly demonstrated the relevance of our customer proposition and the ability to win market share. We have also further strengthened our management team to support the rapid growth of the business. All of which means that despite many unknowns persisting, we can look forward to the future

with a sense of optimism.

As a value retailer, the appeal of B&M is strengthened when large sections of the population are worried about their personal finances or are having to live within constrained household budgets. Our ability to provide families with their everyday shopping needs should continue to resonate strongly with consumers whatever the lasting effects of Covid-19 on our business, the retail industry and society in general may be. Should it result in further acceleration of the structural shift towards discount and convenience shopping, then it will only enhance our ability to grow over the longer term.

Financial performance

The core B&M UK business had an exceptional year, with like-for-like³ (“LFL”) sales of +23.8% due to a material increase in sales densities. Such performance reflects success across a number of product categories, particularly those related to the pandemic where elevated demand was seen throughout FY21. Whilst the business did benefit from remaining open during periods when “non-essential” retailers were closed, performance remained strong even when no restrictions were in force.

Despite the new store opening programme being disrupted in the first half of the year, the business moved quickly to catch up once the construction industry was able to restart. Performance of the 43 new stores in FY21 was strong, demonstrating once again the ability to deliver profitable organic growth.

B&M UK gross margin saw a significant increase this year, driven by a combination of a mix shift towards higher margin General Merchandise sales and in particular an unprecedented level of sell-through on Seasonal lines due to the elevated demand. Diligent cost control enabled the business to deliver operating leverage and profit margin expansion, all of which resulted in significant profit growth and cash generation.

Heron Foods continued to perform well throughout the year and also benefitted from heightened demand, particularly in neighbourhood locations. Its emphasis on local convenience retailing and value for money on frozen, chilled and ambient food positioned it well to serve shoppers’ needs throughout the pandemic.

In France, conditions have been more challenging. The French business was either closed or restricted to selling essential items of ambient food and FMCG (representing only c.15% of sales) for a total of 10 weeks during FY21, disrupting both the Spring and Winter peak trading periods.

Outside of the lockdown periods, when the business was permitted to remain open and sell the full range of products, performance was very pleasing and there was a positive customer response to products sourced from the B&M supplier base in Asia. Given the challenges the management team in France had to overcome, they made strong progress and delivered a profit result for the year ahead of initial expectations.

Current trading and outlook

The B&M UK business experienced very strong sales in the last month of FY21, with the final week being the strongest in the Group’s history and a large contributor to the FY21 adjusted EBITDA⁴ outperformance of £626.4m versus the guidance issued on 5 March 2021.

Overall, year-to-date B&M UK LFL sales over the first 9 weeks of FY22 have been -1% versus FY21. Sales in this period benefitted from a pull-forward of Gardening demand into April usually occurring more evenly throughout the Spring/Summer period.

Trading continues to be volatile at a weekly and product category level, in particular since the recent easing of lockdown restrictions. This is likely to remain the case for the whole of FY22, as the business annualises against the very strong comparatives throughout last year. As such, the B&M UK business expects to see a decline in LFL revenues in FY22 compared to FY21, but is focused on delivering a healthy two year LFL versus FY20.

In France, a further national lockdown began on 3 April 2021 for a total of about 6 weeks. This meant that many of our stores were closed, with those remaining open restricted to selling essential items only. Since restrictions were lifted on 19 May 2021 there has been a pleasing recovery, with sales performance again being driven by the success of product ranges sourced from the B&M supplier base in Asia. Additionally, the business took advantage of the lockdown period to accelerate its conversion programme of the Babou fascia, with 73 of the 104 stores in France now trading as B&M.

Over the past year, the Group has demonstrated it has a resilient business model with a compelling and relevant customer proposition. As a consequence, it has emerged from the coronavirus crisis even stronger than before. Its strong value credentials in Grocery remain, whilst categories such as Home,

DIY and Gardening are likely to continue their appeal to both low and middle-income families.

The Group is well positioned to execute its strategic priorities for FY22. It remains too early to accurately predict the likely revenue and profitability outcomes with any specificity, due to ongoing uncertainties over any future restrictions and the annualisation of previous lockdown periods. It is likely that Group gross margin will revert to more normalised levels this year, with the return of markdown activity on Seasonal goods expected. The Group is however focused on customer retention and disciplined cost control across all fascias to underpin efforts to maintain an adjusted EBITDA⁴ margin higher than historical levels, albeit lower than the exceptional 13.0% margin delivered in FY21.

Long term, the Group's growth strategy remains unchanged and it is committed to a rollout target of at least 950 B&M UK stores, with 45 gross new stores expected in FY22. The geographic expansion of the Heron Foods convenience store chain will also continue, alongside developing a compelling proposition in France.

Strategic development

Throughout FY21, the priority of the Group was the wellbeing of colleagues and customers, having worked hard to maintain a safe working and shopping environment. At the same time, there has been a clear focus on delivering value for money, product ranges which appeal to a broader section of society, and improved in-store execution.

All three Group businesses have demonstrated an ability to respond quickly to changing circumstances. They coped well with uncertainty and disruption, be that sustained elevated demand in the UK or multiple periods of store closures and restrictions in France. In so doing, the Group has continued its strategy for driving sustainable growth in revenues, earnings and free cashflow. Details of progress against each pillar of this strategy are summarised below.

1. Delivering great value to our customers

Delivering great value is at the heart of the B&M business model. Across a variety of product categories, the range of items within each product line is limited only to the best sellers, with the offer focused on what customers buy regularly for their homes and families.

The B&M price competitiveness is driven by a relentless discipline around keeping costs low, buying large volumes per product line directly from factories rather than through intermediaries, and stocking only a limited assortment of the best-selling items. B&M's low operating costs are key to its ability to deliver low prices. As a result of a constant stream of typically c.100 new lines each week, customers find the 'treasure hunting' experience in store attractive, whether they need a bargain or just enjoy one.

Quality is also important to customers, and in that regard there is no compromise. B&M sells leading household brand names across a range of ambient food, FMCG and General Merchandise categories, whilst private label ranges within categories such as Homewares and Furniture continue to benefit from an emphasis on being up-to-date with current design trends, and are increasingly appealing to middle-income households.

The 681 B&M UK stores are generally large format, with an average sales area of approximately 20,000 sq. ft, and are mostly in convenient Out of Town locations with easy access by car, making them well suited to the needs of customers in the context of the Covid-19 pandemic.

These are just some of the reasons why customers keep coming back to stores, and indeed why many new customers discovered B&M this past year. In June 2020, an estimated 23% of store customers who paid by card had not visited B&M during the preceding five months. Over the subsequent nine months to the end of March 2021, 71% of that new customer cohort visited B&M again at least one more time. The average transaction frequency over that period was 4.2x, despite the wider context of retail footfall remaining significantly down.

Importantly, the demographic profile of those customers who have demonstrated the greatest propensity to return most frequently has been households who are typically on low and middle incomes and who also have children. It is this same type of customer who has traditionally been attracted to the B&M proposition. As such, having discovered B&M and started to embed store visits in to their new shopping routines, there are promising indicators that a number of the new customers from FY21 could become loyal B&M shoppers in future years.

New customers are also typically spending more per visit than existing customers and have been seen across the UK, providing further support for the long term rollout target of 950 B&M fascia stores.

The majority of product categories across both Grocery and Non-Grocery saw strong sales growth in

FY21, with lockdown-related categories such as DIY, Homewares and Gardening all performing particularly well. Whilst general market demand for such products was clearly heightened throughout the year, recent investment in product design and visual merchandising capability has enhanced the in-store execution of these ranges. As such, B&M outperformed many of its competitors, suggesting there have been genuine market share gains in FY21.

Seasonal categories are a particular strength of B&M's proposition within General Merchandise. Around 20% of the space in a typical store is fully re-merchandised through the seasons, and these are also areas where pricing can be at its most disruptive. Garden and Outdoor Leisure enjoyed an exceptionally strong Spring/Summer 2020 season, as a combination of record breaking Spring weather and the first national lockdown drove unprecedented demand. Christmas and Toy ranges performed similarly well this year, with a very strong sell-through also leading to a gross margin benefit.

With consumers likely to have developed new shopping habits over the course of the pandemic, and its lasting impact on the lives of everyday people still uncertain, the B&M proposition should continue to resonate strongly with customers even as society slowly returns to normal.

2. Investing in new stores

The first half of FY21 saw significant disruption to the UK construction industry and a slowdown in leasing activity by commercial property landlords, which in turn led to delays in the B&M and Heron Foods new store opening programmes. However, both businesses worked hard during the second half of the year to catch up, and achieved a pleasing increase in store numbers.

A total of 43 gross new B&M fascia stores were opened in the UK during FY21, 34 of which were in the second half of the financial year. Of these, 5 were relocated stores 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 than the closed store. There were a further 13 closures, largely the consequence of older, early generation stores coming to the end of leases and where the locations were not attractive enough to renew. In total there was a net increase of 25 stores, taking the B&M UK portfolio to 681.

The business is currently budgeting for a further 45 gross new stores in FY22. It is possible that the fallout across the retail industry from the impact of the virus may provide further attractive opportunities not yet factored in to this number. Longer term, there remains a long growth runway in the UK, with the potential for at least 950 B&M fascia stores in total. Given the performance of the business over the past year, and with new store sales densities and contribution margins remaining very strong, this target increasingly looks like a conservative estimate.

Heron Foods, the discount convenience store business, opened a total of 17 gross new stores and closed 4 under-performing stores during the year, bringing the total to 306. It has a smaller store model and existing geographic footprint, but continues to deliver a strong new store returns profile. It has the potential to become multiple times larger than its present size, albeit growth will be slower than the B&M fascia due to the nature of locations required and the practicalities of distributing chilled and frozen food. FY22 should see a similar number of new store openings to that in FY21.

In France, at the end of FY21 there were a total of 104 stores with 55 trading under the B&M banner and the remaining 49 still under the Babou fascia. The focus has been very much on converting the existing Babou portfolio rather than opening new stores. In FY22, there will be 3 to 5 net new stores in France, all of which will be in the second half of the year.

3. Developing our international business

It was a year of significant disruption in the French business, caused by multiple lockdowns totalling 10 weeks during which stores were either closed completely or restricted to selling essential items only, including for 6 weeks at the start of FY21 and 4 weeks during November 2020. Despite this, total sales were up 9.1% year-on-year, reflecting a strong performance in those periods where the business remained fully open.

The local management team has made pleasing progress against their two main strategic priorities. Firstly, the business has successfully reduced its reliance on Clothing & Apparel while increasing its General Merchandise ranges sourced through the B&M supply chain. Ongoing refinements to the product mix continue to be made, and the new products have been well received by the French consumer.

At the same time, the performance of those stores re-branded from 'Babou' to 'B&M' has been encouraging, having completed 35 such conversions during the year. When a conversion takes place, in addition to changing the store fascia, the internal layout and merchandising are also made more akin

to B&M stores in the UK. This helps to complement the ongoing range optimisation work, as well as improving overall store standards. By the end of 2021, the entire estate should be branded as B&M.

Whilst it is difficult to determine how much of the improved performance is the 'halo effect' of a new store opening versus the combined impact of re-ranging and re-branding, a more settled period of trading in FY22 will allow the success of these changes to be more fully demonstrated.

From an operational perspective, the supply chain has now successfully navigated four peak seasonal intakes of stock, involving large volumes of containerised inbound product. With a capable and stable management team now in place, the Group remains cautiously optimistic that its plans for the French business will prove successful. In the meantime, no other international geographies are currently being evaluated.

4. Investing in our people and infrastructure

The new c.1 million square feet Southern distribution centre at Bedford was completed and fitted-out during FY20 and currently serves around 250 stores. Having the additional logistics capacity in place prior to the elevated demand this year proved crucial to helping maintain in-store availability. The Bedford site is expected to provide sufficient capacity for the foreseeable future.

The senior management team continues to broaden and strengthen, having made a number of appointments during FY21. These included Alex Russo as Group Chief Financial Officer, Anthony Giron as Managing Director of Babou, Richard Kirk as Supply Chain Director and Suzie Williams as Group IT Director. Such appointments reflect the significant growth in the business, and position it well for future success.

With Covid-19 preventing foreign travel to trade fairs and suppliers, the B&M trading teams turned a necessity into a competitive strength. By investing in areas such as product design and development, visual merchandising and co-ordination across different categories to create a more aspirational set of product ranges, they have become less dependent on factories for development of new products. In becoming more self-reliant and capable of delivering on-trend product ranges, this is one area where the business has emerged from the pandemic in an even stronger position than before. In that context, the performance of categories such as Homewares and Furniture has been particularly rewarding.

At store level, a new digital Workforce Management System was gradually rolled out, having been paused 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. Having adopted this new best in class approach to managing store hours, it will help the business grow sustainably by servicing customer demand in a cost-efficient way.

Although store colleague learning and development had to be put on hold at the start of the financial year, the "Step-Up To Managers" programme was successfully adapted to facilitate e-learning. A total of 124 colleagues were promoted into management roles this year, as the business continues to invest in internal colleague development and progression.

Corporate social responsibility

The Group is proud to serve customers in many different communities across the UK through its B&M and Heron Food stores, providing convenient, local access to the everyday products they need at value prices. Never has presence in these communities been more important than during the pandemic.

Through the new store opening programmes, the reach of the B&M value proposition is extended to new communities and customers, helping to revitalise areas where other retailers have in many cases retrenched. Perhaps most importantly, this creates many new local jobs. In FY21, the Group created over 7,200 new jobs in the UK, in the context of around 67,000 lost jobs in the retail industry in 2020 according to estimates from the British Retail Consortium.

The Group strives to be a good corporate citizen, delivering its strategy as a value retailer whilst acting in the interests of all stakeholders. In particular this year, the Group voluntarily waived c.£80m of business rates relief made available by the UK government, and repaid £3.7m of furlough money initially received at the start of the pandemic.

It is conscious of the increasing importance of environmental, social and governance ("ESG") actions and reporting, and is committed to developing appropriate targets during FY22 to support the ongoing success of the business. The Group considers ESG from the perspective of a number of key stakeholders, with some of this years' highlights as follows:

Colleagues

- acknowledged the dedication and hard work of front line colleagues by paying an additional 10% pay in April 2020 and awarding an extra weeks wages in January 2021;
- colleague engagement continued to be very strong, with a colleague satisfaction score of 81% despite the disruption to normal working routines caused by the pandemic;
- continued development and training of own talent through the Step-Up programme, promoting 124 colleagues to B&M Deputy and Store Manager positions.

Communities

- created over 7,200 new jobs in the UK, including 620 placements under the governments “Kickstart” scheme and welcoming 187 colleagues onto apprenticeship programmes;
- delivered a total of £1 million to local Foodbanks across the country in response to the impact of the Covid-19 pandemic on some of the most vulnerable in society;
- extended a total of £4.9m of discounts to National Health Service workers to recognise their heroic efforts.

Customers

- maintained an attractive value-for-money proposition across a range of product categories making everyday essentials affordable;
- opened 38 net new UK stores in FY21, making stores accessible to even more customers;
- welcomed a number of new customers to B&M this year.

Suppliers

- continued to treat all suppliers, landlords and partners fairly by paying them on time and in full;
- sales growth across multiple product categories enables both new and existing suppliers to grow their own businesses, sharing in the success of B&M;
- enhanced our ethical trading risk management through increased investment in social compliance audits.

Environment

- greenhouse gas emissions and energy usage from UK operations decreased in absolute terms, despite opening 38 net new stores in the year, with a newly created an Energy Manager role to oversee the installation of technology to decrease energy consumption further;
- recycled 99.8% of the Group’s supply chain packaging waste in FY21;
- travelled 2.7m fewer like-for-like miles in FY21 due to the annualised benefit from the Bedford distribution centre opened in FY20.

Simon Arora

Chief Executive Officer

3 June 2021

Financial Review

Accounting period

The FY21 accounting period represents the 52 weeks trading to 27 March 2021 and the comparative period represents the 52 weeks to 28 March 2020.

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

Financial performance

Group

Total Group revenue in FY21 was £4,801.4m (FY20: £3,813.4m), representing an increase of 25.9%. On a constant currency basis¹, revenues increased by 25.7%.

Group adjusted gross margin⁴ was 36.7% (FY20: 33.8%), an increase of 292 bps on the prior year. Group adjusted operating costs⁴, excluding depreciation and amortisation, grew by 20.1% to £1,137.1m (FY20: 946.9m). The growth in operating costs was lower than the growth in revenue due to the operating leverage delivered by the B&M UK businesses. Depreciation and amortisation (excluding the impact of IFRS16 and adjusting items) was £62.4m (FY20: £57.7m), an increase of 8.2% on the prior year and reflecting the ongoing investment in new stores across all fascias.

An adjusted EBITDA⁴ is reported to allow investors to better understand the underlying performance of the business. The adjusting items are detailed in notes 3 and 5 of the financial statements, and totalled £(3.5)m in FY21 (FY20: £40.7m). Group adjusted EBITDA⁴ increased by 83.0% to £626.4m (FY20: £342.3m), driven by the strong performance of the core B&M UK business.

Group statutory profit before tax was £525.4m (FY20: 252.0m), representing an increase of 108.5%.

B&M UK

In the UK, total B&M revenues increased by 29.9% to £4,077.6m (FY20: £3,140.1m), largely driven by exceptional like-for-like³ ("LFL") revenue growth of 23.8% (FY20: 3.3%). The annualisation of revenues from 36 net new store openings in FY20 and 25 net new store openings in FY21 also contributed a further £218.7m. In addition, there was £47.4m of wholesale revenue, an increase of £19.7m on the prior year.

A key driver behind the step up in LFL revenue was the fact that as an essential retailer, the business remained open throughout FY21 and welcomed a number of new customers. The LFL performance was relatively consistent throughout the year, with Q4 representing the strongest quarter. Although there was an increase in demand across almost all product categories, General Merchandise categories such as Homewares, DIY and Gardening performed particularly well, as people spent more time in their homes during the coronavirus pandemic. This also meant that Out of Town locations, where stores stock the full range, out-performed Town Centre locations.

There were 43 gross new store openings in the year and 18 closures, with 5 of the closures being relocations. New store openings continue to deliver strong returns on investment. The B&M UK business also continues to take advantage of relocation opportunities. These are typically smaller early generation B&M stores that are replaced by modern, larger stores that provide customers access to the full product range, making such opportunities margin accretive.

B&M UK gross margin expanded by 333 bps, driven by both a mix shift towards higher margin Non-Grocery categories as noted above, and in particular an unusually strong sell-through across Seasonal ranges such as Outdoor Furniture and Christmas leading to minimal markdown activity than in previous years.

Adjusted operating costs⁴, excluding depreciation and amortisation, grew by 24.4% to £913.8m. These costs represented 22.4% of revenues in the year (FY20: 23.4%), a reduction of 98 bps due to operating leverage achieved on the higher revenues generated and ongoing discipline around cost control. Included in these operating costs is approximately £75m of business rates, having voluntarily waived the relief offered by the UK government. The business again worked hard to absorb the impact of the minimum wage increase through efficiency savings, whilst at the same time investing in additional store colleague hours to help service the elevated customer demand in a safe manner. Rental costs remained relatively stable, with the existing rent-roll already being competitively positioned. Elsewhere, 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 Bedford distribution centre, as a consequence of introducing new protocols and procedures relating to social distancing.

Adjusted EBITDA⁴ for the B&M UK business increased by 84.7% to £590.7m (FY20: £319.8m), and the adjusted EBITDA⁴ margin increased by 430 bps to 14.5% (FY20: 10.2%) due to the exceptional LFL performance, increase in gross margin and disciplined cost control delivering operational leverage as explained above.

Heron Foods

The discount convenience chain, Heron Foods, grew revenues by 6.4% to £414.8m (FY20: £389.9m), with neighbourhood locations performing particularly well as consumers sought to shop locally for their everyday essentials. There were 13 net new stores opened in FY21, which also contributed to the increase in revenues.

Gross margin in Heron Foods remained broadly flat, reflecting a stable product mix.

Despite the inflationary pressures on store wages, operating costs were well controlled, increasing as a percentage of revenues by only 48 bps to 25.5% (FY20: 25.0%). Like the B&M UK business, Heron Foods waived the business rates relief, which was worth approximately £5m in FY21.

Heron Foods adjusted EBITDA⁴ decreased by 3.5% to £24.6m (FY20: £25.5m), and the adjusted EBITDA⁴ margin declined by 63 bps to 5.9% (FY20: 6.6%).

Babou

In the French business, total revenues increased by 9.1% to £309.1m (FY20: £283.4m), despite many stores being closed for up to 10 weeks throughout the year as a result of the French government's response to the pandemic. For those stores that did remain open, they were restricted to selling "essential" items only and, therefore, generated significantly lower revenues during those weeks.

During the periods when the French stores were fully open, performance was strong. This was driven by a combination of both the continued range optimisation work and the positive impact from re-branding 35 stores from Babou to the B&M banner during FY21, all of which progressed well despite the disruption caused by multiple lockdowns.

Gross margin continued to improve, supported by a reduced exposure to Clothing and Apparel and a corresponding mix shift to higher margin other General Merchandise categories.

Operating costs were well controlled throughout the year, particularly during those periods where stores were either closed or restricted to selling a limited range of products.

Adjusted EBITDA⁴ was £11.1m (FY20: £(3.0)m), with an adjusted EBITDA⁴ margin of 3.6%. This represents encouraging progress in the French business, especially considering the mitigating factors outlined above.

Finance expense

Adjusted net finance charges⁴ for the year were £23.8m (FY20: £24.6m), representing a decrease of 3.1%. This included bank and high yield bond interest of £22.5m (FY20: £22.7m) and amortised fees of £1.7m (FY20: £2.1m), offset by interest income of £0.3m (FY20: £0.2m).

There was also a one-off exceptional interest charge of £4.5m relating to the Group refinancing that took place in July 2020. This represented unamortised fees on previous banking facilities being written off, breakage fees and redemption interest due to early repayment of the previous £250m High Yield Bond.

The interest charge relating to lease liabilities under IFRS16 was £61.4m (FY20: £57.2m).

Profit before tax

Statutory profit before tax was £525.4m (FY20: £252.0m). An adjusted profit before tax⁴ is also reported to allow investors to better understand the operating performance of the business (see notes 3 and 5 of the financial statements). Adjusted profit before tax⁴ for the year increased by 107.7% to £540.1m (FY20: £260.0m).

The impact of IFRS16 on the Group financial statements was to decrease statutory profit before tax by £6.6m.

Taxation

The tax charge in FY21 was £97.3m (FY20: £57.2m), representing an effective tax rate of 18.5%. We expect the tax rate going forward to reflect the blended rate of taxes in the countries in which we operate, currently being 19% in the UK and 28.5% in France.

As a Group we are committed to paying the right tax in the territories in which we operate. In the B&M UK business the total tax paid in FY21 was £440.1m, including £227.8m relating to those taxes borne directly by the company such as corporation tax, customs duties, business rates, employer's national insurance contributions and stamp duty and land taxes. The balance of £212.3m are taxes we collect from customers and employees on behalf of the UK Exchequer, which includes Value Added Tax, Pay As You Earn and employee national insurance contributions.

Profit after tax and earnings per share

Statutory profit after tax from continuing operations was £426.2m (FY20: £194.8m) and the statutory diluted earnings per share from continuing operations was 42.7p (FY20: 19.5p⁶).

In the prior year, statutory profit after tax including the loss from discontinued operations was £80.9m, with a diluted earnings per share of 9.0p.

Adjusted profit after tax⁴, which we consider to be a better measure of performance due to the reasons outlined above, was £434.5m (FY20: £203.0m), and the adjusted fully diluted earnings per share⁴ was 43.4p (FY20: 20.3p).

Investing activities

Group net capital expenditure⁸ totalled £81.5m, lower than the prior year (FY20: £123.0m). Investment this year included £42.9m spent on 65 gross new stores across the Groups fascia's (FY20: £42.4m on 74 stores), £22.2m on maintenance works to ensure that our existing store estate and warehouses are appropriately invested (FY20: £28.6m), and £16.4m on infrastructure projects and freehold acquisitions to support the continued growth of the business (FY20: £52.0m). Infrastructure spend in the prior year included one-off expenditure of £32.0m relating to the Bedford distribution centre.

Net debt and cash flow

The Group continues to be strongly cash generative, with cash generated from operations increasing by 75.0% to £944.0m (FY20: £539.5m).

Such cash generation reflects the growth in adjusted EBITDA⁴ during FY21, attractive paybacks generated from new stores and a working capital inflow.

The strong performance and high cash generation have enabled the Group to pay dividends totalling £697m⁷ in FY21. This included the £150m⁷ special dividend relating to the sale and leaseback of the Bedford facility declared in FY20, and a further £450m⁷ of special dividends declared and paid in FY21.

Net debt⁵ (on a pre-IFRS16 basis), increased to £519.8m (FY20: £347.5m). The net debt⁵ to adjusted EBITDA⁴ leverage ratio was 0.8x (FY20: 1.0x), comfortably within our 2.25x leverage ceiling.

B&M periodically explores opportunities to repay, prepay, repurchase, refinance or extend its existing indebtedness prior to the scheduled maturity of such indebtedness, and/or amend its terms with the requisite consent of lenders as part of B&M's continuing efforts to manage its capital structure. B&M and/or its Group may also incur additional indebtedness to the extent permitted by the covenants of existing indebtedness or with the requisite consent of lenders, including in connection with the Group's evaluation of strategic expansion and acquisition opportunities.

In accordance with this framework, the Group 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 new £400m High Yield Bond, maturing in July 2025, to replace the existing £250m Bond. This enabled the repayment of the €92m 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 an initial loan of €51m being drawn, of which half has since been repaid. See note 21 of the financial statements for further details.

The Board adopted a long-term capital allocation policy in 2016 to provide a framework to help investors understand how the Group will continue to balance the funding requirements of a growth business like B&M with the desire to return surplus capital to shareholders. The Board will continue to evaluate opportunities to invest and support the growth of the business along with the scope for any incremental

return of capital to shareholders in the context of that framework.

Dividends

During the year, the Company declared and paid an interim ordinary dividend of 4.3p⁷ per share in addition to special dividends totalling 45.0p⁷ per share. Subject to approval by shareholders at the AGM on 29 July 2021, a final ordinary dividend of 13.0p⁷ per share is to be paid on 6 August 2021 to shareholders on the register of the Company at the close of business on 2 July 2021. The ex-dividend date will be 1 July 2021.

The Group has a dividend policy which targets an ordinary dividend pay-out ratio of between 30 to 40% of net income on a normalised tax basis. The Group generally aims to pay the interim and final dividends for each financial year in proportions of approximately one-third and two-thirds of the total annual ordinary dividend respectively.

The Group is strongly cash generative and its policy is to allocate cash surpluses in the following order of priority:

1. the roll-out of new stores with a strong payback profile;
2. ordinary dividend to shareholders;
3. mergers & acquisition opportunities; and
4. returns of surplus cash to shareholders.

The above list is a summary of the main items, but is not exhaustive as other factors may arise from time to time which require investment to support the long-term growth objectives of the Group.

The parent company of the Group is an investment holding company which does not carry on retail commercial trading operations. Its distributable reserves are derived from intra-group dividends originating from its subsidiaries. The parent company is a Luxembourg registered company, and as such, the Board is permitted to have recourse to the company's share premium account as a distributable reserve. It remains the Group's policy for dividend purposes to have recourse to distributable profits from within the Group, and accordingly, ahead of interim dividends, and also ahead of the year end in relation to final dividends, the Board reviews the levels of dividend cover in the parent company to maintain sufficient levels of distributable profits in the parent company for each of those dividends. There are over £500m of distributable reserves in the principal trading subsidiary of the Group, B&M Retail Limited, and there are no dividend blocks between it and the Company.

Notwithstanding the current economic uncertainties, the Group has continued to be strongly cash generative and is in a strong position to maintain its ordinary dividend policy. The principal risks of the Group are set out in its Annual Report, in particular those relating to Covid-19, supply chain, competition, economic environment, commodity prices, infrastructure and international expansion. These are relevant to the ability of the Group to maintain its ordinary dividend policy in the future. The Group however maintains strategies to mitigate those risks and the Board believes the Group has a robust and resilient business model through the combination of having a value-led product assortment which to a large extent comprises essential goods and also competes across a very broad section of the retail markets in our chosen locations.

Alex Russo

Chief Financial Officer
3 June 2021

Consolidated Statement of Comprehensive Income

Period ended		52 weeks ended 27 March 2021 £'000	52 weeks ended 28 March 2020 £'000
Continuing operations	Note		
Revenue	2	4,801,425	3,813,387
Cost of sales		(3,031,455)	(2,530,579)
Gross profit		1,769,970	1,282,808
Gain on sale and leaseback of the Bedford warehouse	15	-	16,932
Administrative expenses - other		(1,156,556)	(966,928)
Operating profit	4	613,414	332,812
Share of profits in associates	12	1,795	879
Profit on ordinary activities before net finance costs and tax		615,209	333,691
Finance costs on lease liabilities	5	(61,411)	(57,206)
Other finance costs	5	(28,654)	(24,809)
Finance income	5	295	213
Gain on revaluation of financial instruments	5	-	134
Profit on ordinary activities before tax		525,439	252,023
Income tax expense	10	(97,335)	(57,246)
Profit for the period from continuing operations	2	428,104	194,777
Attributable to owners of the parent		428,104	194,777
Discontinued operations			
Loss from discontinued operations	6	-	(113,922)
Profit for the period		428,104	80,855
Attributable to non-controlling interests		-	(9,172)
Attributable to owners of the parent		428,104	90,027
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		(1,222)	1,661
Fair value movement as recorded in the hedging reserve		(20,393)	8,679
Tax effect of other comprehensive income	10	4,509	(1,383)
Total comprehensive income for the period		410,998	89,812
Attributable to non-controlling interests		-	(9,753)
Attributable to owners of the parent		410,998	99,565
Earnings per share from continuing operations			
Basic earnings per share attributable to ordinary equity holders (pence)	11	42.8	19.5
Diluted earnings per share attributable to ordinary equity holders (pence)	11	42.7	19.5
Earnings per share from all operations			
Basic earnings per share attributable to ordinary equity holders (pence)	11	42.8	9.0
Diluted earnings per share attributable to ordinary equity holders (pence)	11	42.7	9.0

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

Consolidated Statement of Financial Position

As at	Note	27 March 2021 £'000	28 March 2020 £'000
Assets			
Non-current			
Goodwill	13	920,729	921,911
Intangible assets	13	118,240	119,696
Property, plant and equipment	14	336,364	312,198
Right of use assets	15	1,070,581	1,086,618
Investments in associates	12	4,479	5,700
Other receivables	17	7,084	7,517
Deferred tax asset	10	32,242	22,988
		<u>2,489,719</u>	<u>2,476,628</u>
Current assets			
Cash at bank and in hand	18	217,682	428,205
Inventories	16	605,126	588,000
Trade and other receivables	17	42,160	60,588
Other financial assets	20	3,767	16,702
		<u>868,735</u>	<u>1,093,495</u>
Total assets		<u>3,358,454</u>	<u>3,570,123</u>
Equity			
Share capital	23	(100,082)	(100,058)
Share premium		(2,475,108)	(2,474,318)
Retained earnings		(127,585)	(244,829)
Hedging reserve		7,499	(9,280)
Legal reserve		(10,010)	(10,010)
Merger reserve		1,979,131	1,979,131
Foreign exchange reserve		(6,813)	(8,035)
		<u>(732,968)</u>	<u>(867,399)</u>
Non-current liabilities			
Interest bearing loans and borrowings	21	(723,736)	(561,418)
Lease liabilities	15	(1,138,634)	(1,146,233)
Other liabilities	19	-	(171)
Deferred tax liabilities	10	(27,476)	(29,008)
Provisions	22	(4,511)	(766)
		<u>(1,894,357)</u>	<u>(1,737,596)</u>
Current liabilities			
Interest bearing loans and borrowings	21	(6,875)	(211,062)
Overdrafts	18	-	(928)
Trade and other payables	19	(524,260)	(419,999)
Lease liabilities	15	(162,735)	(149,011)
Other financial liabilities	20	(16,141)	(1,847)
Income tax payable		(12,511)	(26,115)
Dividends payable	30	-	(150,087)
Provisions	22	(8,607)	(6,079)
		<u>(731,129)</u>	<u>(965,128)</u>
Total liabilities		<u>(2,625,486)</u>	<u>(2,702,724)</u>
Total equity and liabilities		<u>(3,358,454)</u>	<u>(3,570,123)</u>

The accompanying accounting policies and notes form an integral part of these consolidated financial statements. This consolidated statement of financial position was approved by the Board of Directors and authorised for issue on 2 June 2021 and signed on their behalf by:

Simon 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 exch. reserve £'000	Put/call option reserve £'000	Non-control. interest £'000	Total Shareholders' equity £'000
Balance at 31 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 dividends declared	-	-	(76,042)	-	-	-	-	-	-	(76,042)
Special dividends declared	-	-	(150,087)	-	-	-	-	-	-	(150,087)
Effect of share options	2	69	1,411	-	-	-	-	-	-	1,482
Total transactions with owners	2	69	(224,718)	-	-	-	-	-	-	(224,647)
Profit for the period relating to continuing operations	-	-	194,777	-	-	-	-	-	-	194,777
Loss for the period relating to discontinued operations	-	-	(104,750)	-	-	-	-	-	(9,172)	(113,922)
Other comprehensive income	-	-	-	7,296	-	-	2,242	-	(581)	8,957
Total comprehensive income for the period	-	-	90,027	7,296	-	-	2,242	-	(9,753)	89,812
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 dividends declared	-	-	(97,067)	-	-	-	-	-	-	(97,067)
Special dividends declared	-	-	(450,330)	-	-	-	-	-	-	(450,330)
Effect of share options	24	790	1,154	-	-	-	-	-	-	1,968
Total transactions with owners	24	790	(546,243)	-	-	-	-	-	-	(545,429)
Profit for the period relating to continuing operations	-	-	428,104	-	-	-	-	-	-	428,104
Other comprehensive income	-	-	895	(16,779)	-	-	(1,222)	-	-	(17,106)
Total comprehensive income for the period	-	-	428,999	(16,779)	-	-	(1,222)	-	-	410,998
Balance at 27 March 2021	100,082	2,475,108	127,585	(7,499)	10,010	(1,979,131)	6,813	-	-	732,968

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

Consolidated Statement of Cash Flows

Period ended	Note	52 weeks ended 27 March 2021 £'000	Restated* 52 weeks ended 28 March 2020 £'000
Cash flows from operating activities			
Cash generated from operations	24	944,048	539,483
Non cash write off from discontinued operations		-	68,036
Income tax paid		(117,422)	(57,924)
Net cash flows from operating activities		826,626	549,595
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(86,606)	(123,270)
Purchase of intangible assets	13	(1,312)	(1,361)
Deferred consideration in respect of business acquisitions		-	(11,950)
Business disposal net of cash disposed	6	9,074	2,964
Disposal of interest in associate company	12	316	-
Proceeds from sale of property, plant and equipment		6,448	160,518
Finance income received		295	214
Dividends received from associates	12	2,186	2,580
Net cash flows from investing activities		(69,599)	29,695
Cash flows from financing activities			
Receipt of newly issued corporate bonds	21	400,000	-
Repayment of previously issued corporate bonds	21	(250,000)	-
Receipt of term loan facilities	21	300,000	-
Repayment of term loan facilities	21	(300,000)	-
Repayment of acquisition loan facility	21	(82,121)	-
Net (repayment)/receipt of Group revolving bank loans	21	(120,000)	80,000
Net repayment of Heron facilities	21	(5,150)	(2,030)
Net receipt of government backed loan in France	21	22,762	-
Net (repayment)/receipt of other French facilities	21	(1,164)	1,587
Repayment of the principal in relation to lease liabilities		(140,790)	(149,491)
Payment of interest in relation to lease liabilities		(61,411)	(63,790)
Fees on refinancing	21	(10,797)	(119)
Other finance costs paid		(23,186)	(23,957)
Receipt from exercise of employee share options	9	30	60
Dividends paid to owners of the parent	30	(697,485)	(76,042)
Net cash flows from financing activities		(969,312)	(233,782)
Effects of exchange rate changes on cash and cash equivalents		2,690	1,213
Net (decrease)/increase in cash and cash equivalents		(209,595)	346,721
Cash and cash equivalents at the beginning of the period		427,277	80,556
Cash and cash equivalents at the end of the period		217,682	427,277
Cash and cash equivalents comprise:			
Cash at bank and in hand	18	217,682	428,205
Overdrafts		-	(928)
		217,682	427,277

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

* This statement has been restated in respect of reclassifying a non-cash movement (see notes 1, 24).

Notes to the Consolidated Financial Statements

1 General information and basis of preparation

The consolidated financial statements have been prepared in accordance with EU IFRS.

The Group's trade is general retail, with continuing trading taking place in the UK and France. The Group has been listed on the London Stock Exchange since June 2014.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The measurement basis and principal accounting policies of the Group are set out below and have been applied consistently throughout the consolidated financial statements.

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

The consolidated financial statements cover the 52 week period from 29 March 2020 to 27 March 2021 which is a different period to the parent company stand alone accounts (from 1 April 2020 to 31 March 2021). This exception is permitted under article 1712-12 of the Luxembourg company law of 10 August 1915 as amended as the Directors believe that;

- the consolidated financial statements are more informative when they cover the same period as used by the main operating entity, B&M Retail Ltd; and
- that it would be unduly onerous to rephrase the year end in this subsidiary to match that of the parent company.

The year end for B&M Retail Ltd, in any year, would not be more than six days prior to the parent company year end.

B&M European Value Retail S.A. (the "Company") is the head of the Group and there is no consolidation that takes place above the level of this company.

The principal accounting policies of the Group are set out below.

Restatement of the consolidated statement of cashflows

A presentational restatement has been made to the prior year consolidated statement of cashflows and note 24 such that the non-cash movement related to the impairment of right of use assets (note 15) has been included as a reconciling figure in calculating the cash flows from operating activities as required by IAS 1.

Previously this had netted against the cash outflow recorded in the caption 'Repayment of the principal in relation to lease liabilities'. The restatement has resulted in an increase in the cash flows from operating activities in the prior year of £6.8m with the corresponding decrease recorded in cash flows from financing activities.

There is no impact in the consolidated statement of comprehensive income or consolidated statement of financial position due to the restatement.

Basis of consolidation

The Group financial statements consolidate the financial statements 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 27 March 2021. 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.

During the prior year, on 27 March 2020, the Group disposed of J.A.Woll Handels GmbH (“Jawoll”). Jawoll has only been consolidated until this date, as a discontinued operation. See note 6 for more details.

During the prior year, on 6 March 2020, and as part of a sale and leaseback transaction involving the warehouse at Bedford, the Group disposed of Bedford DC Investment Ltd (“Bedford Ltd”). Bedford Ltd has only been consolidated until this date, see note 6 for more details.

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 arrangements with the other vote holders of the investee,
- rights arising from other contractual arrangements, and,
- 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, taking into account reasonably possible changes in trading performance, show that the Group will trade within its current banking facilities.

After making enquiries, including preparing cash flow forecasts for at least 12 months from the date of approval of these financial statements, the Directors are confident that the Group has adequate resources to continue its successful growth. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Covid-19 pandemic has not had a material impact on this assessment, with our UK stores remaining open and able to continue to trade profitably. Whilst the French stores have had to close due to national and regional lockdowns, when open they have traded successfully and that segment, which is also supported in the form of loans guaranteed by the French government (see note 21), has returned a positive result for the year and is expected to continue to grow successfully. The French stores do not make up a significant proportion of the Group (see note 2).

Note also that viability and going concern statements have been made in the ‘Principal risks and uncertainties’ section of this annual report.

Revenue

Under IFRS 15 Revenue is recognised when all the following criteria are met:

- the parties to the contract have approved the contract;
- the Group can identify each parties rights regarding the goods to be transferred;
- the Group can identify the payment terms;
- the contract has commercial substance;
- it is probable that the Group will collect the consideration we are entitled to in respect to the goods to be transferred.

In the vast majority of cases the Group's sales are made through stores and the control of goods is immediately transferred at the same time as the consideration received via our tills. Therefore revenue is recognised at this point.

The Group sells a small quantity of gift vouchers for use in the future and, as such, a small amount of deferred revenue is recognised. At year end the value held on the balance sheet was £0.3m (2020: £nil).

The Group operates a small wholesale function which recognises revenue when goods are delivered and the invoice is raised. The revenue is considered collectable as the Group's wholesale customers are usually related parties to the Group (such as our associates) or are subject to credit checks before trade takes place. See note 2 for the split of wholesale sales to store sales.

Revenue is the total amount receivable by the Group for goods supplied, in the ordinary course of business, excluding VAT and trade discounts, and after deducting returns and relevant vouchers and offers.

Other administrative expenses

Administrative expenses include all running costs of the business, except those relating to inventory (which are expensed through cost of sales), tax, interest and other comprehensive income. Transport and warehouse costs are included in this caption.

Elements which are unusual and significant, such as material restructuring costs, may be separated as a line item.

Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the relevant cash-generating units (CGUs) that are expected to benefit from the combination. The cash-generating units are individual stores and the groups of cash-generating units are the store portfolios in each operational segment.

Goodwill is tested for impairment at least once per year end specifically at any time where there is any indication that it may be impaired. Internally generated goodwill is not recognised as an asset.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors of the Group. The executive directors are responsible for assessing the performance of the business for the purpose of making decisions about resources to be allocated.

Alternative performance measures

The Group reports a selection of alternative performance measures as detailed below and in note 3, as the Directors believe that these measures provide additional information that is useful to the users of our accounts.

The alternative performance measures we report in these accounts are:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Adjusted EBITDA
- Adjusted Profit
- Adjusted Earnings per share

Both IFRS 16 and non-IFRS 16 versions of these alternative performance measures have been calculated and presented in order to aide comparability with the non-IFRS 16 figures presented in previous years.

Interest, tax, depreciation and amortisation are as defined statutorily whilst the items we adjust for are those we consider not to be reflective of the underlying performance of the business as detailed in note 3. These adjustments include the effect of ineffective derivatives and foreign exchange on intercompany balances, which do not relate to underlying trading, and costs incurred in relation to acquisitions, which are non-recurring and do not relate to underlying trading.

The directors believe that EBITDA provides users of the account with a measure of performance which is appropriate to the retail industry and presented by peers and competitors. Adjusted values are considered to be appropriate to exclude unusual, non-trading and/or non-recurring impacts on performance which therefore provides the user of the accounts an additional metric to compare periods of account.

The alternative performance measures used 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.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, which may include contingent consideration at net present value. Acquisition-related costs are expensed depending on their nature with costs of raising finance amortised over the term of the relevant element of finance provided and the remainder expensed when incurred.

Assets and liabilities are recognised at their acquisition date fair value, with the difference between the consideration and the net assets recognised as goodwill on the statement of financial position or as a gain in administrative expenses.

Brands

Brands acquired by the business are amortised if the corresponding agreement is specifically time limited, or if the fair valuation exercise (carried out for brands acquired via business combinations) identifies a fair lifespan for the brand. This amortisation is charged to administrative expenses.

Otherwise, brands are considered to have an indefinite life on the basis that they form part of the cash generating units within the Group which will continue in operation indefinitely, with no foreseeable limit to the period over which they are expected to generate net cash inflows.

Where brands are considered to have an indefinite life they are reviewed at least annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is impaired accordingly with the impairment charged to administration expenses.

Intangible assets

Intangible assets acquired separately, including computer software, are measured on initial recognition at cost comprising the purchase price and any directly attributable costs of preparing the asset for use.

Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	-	3 or 4 years
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Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises purchase price and directly attributable costs. Unless significant or incurred as part of a refit programme, subsequent expenditure will usually be treated as repairs or maintenance and expensed to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Freehold land is not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Leasehold buildings	-	Life of lease (max 50 years)
Freehold buildings	-	2-4% straight line
Plant, fixtures and equipment	-	10% - 33% straight line
Motor vehicles	-	12.5% - 33% straight line

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Leases

The Group applies the leasing standard, IFRS 16, to all contracts identified as leases at their inception, unless they are considered a short-term lease (with a term less than a year) or where the asset is of a low underlying value (under £5k). Assets which may fall into this categorisations include printers, vending machines and security cameras, and the lease expense is within administrative expenses.

The Group has lease contracts in relation to property, equipment, fixtures & fittings and vehicles. A contract is classified as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease contract is recognised, the business assesses the term for which we are reasonably certain to hold that lease, and the minimum lease payments over that term are discounted to give the initial lease liability. The initial right-of-use asset is then recognised at the same value, adjusted for incentives or payments made on the day that the lease was acquired. Any variable lease costs are expensed to administrative costs when incurred.

The date that the lease is brought into the accounts is the date from which the lease has been effectively agreed by both parties as evidenced by the Group's ability to use that property.

The right-of-use asset is subsequently depreciated on a straight-line basis over the term of that lease, or useful life (whichever is shorter) with the charge being made to administrative costs. The lease liability

attracts interest which is charged to finance costs, and is measured at amortised cost using the effective interest method.

Right-of-use assets may be impaired if, for instance, a lease becomes onerous. Impairment costs are charged to administrative costs.

On a significant event, such as the lease reaching its expiry date or the likely exercise of a previously unrecognised break clause, the lease term is re-assessed by management as to how long we can be reasonably certain to stay in that property, and a new lease agreement or modification (if the change is made before the expiry date) is recognised for the re-assessed term.

The discount rate used is individual to each lease. Where a lease contract includes an implicit interest rate, that rate is used. In the majority of leases this is not the case and the discount rate is taken to be the incremental borrowing rate as related to that specific asset. This is a calculation based upon the external market rate of borrowing for the Group, as well as several factors specific to the asset to be discounted.

The Group separates lease payments between lease and non-lease components (such as service charges on property) at the point at which the lease is recognised. Non-lease components are charged through administrative expenses.

Sale and leaseback transactions

The Group recognises a sale and leaseback transaction when the Group sells an asset that has been previously recognised in property, plant and equipment, and subsequently leases it back as part of the same or a linked transaction.

Management use the provisions of IFRS 15 to assess if a sale has taken place, and the provisions of IFRS 16 to recognise the resulting lease, with the liability and discount rate calculated in line with our lease policy and the asset subject to an adjustment based upon the net book value of the disposed asset, the opening lease liability, the consideration received and the fair value of the asset on the date it was sold.

Resulting gains or losses are recognised in administrative expenses.

Onerous leases

A lease is considered onerous when the economic benefits of occupying the leased properties are less than the obligations payable under the lease.

When a lease is classified as onerous, the right-of-use asset associated with the lease is impaired to £nil value and non-rental costs that are likely to accrue before the end of the contract are provided against.

Investments in associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. However, any goodwill or fair value adjustment attributable to the Group's share of associates is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment, including a reduction in the carrying amount equal to any dividend received. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated statement of comprehensive income and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation and impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's other comprehensive income are recognised in the consolidated other comprehensive income of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate the Group does not recognise further losses,

unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the consolidated financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (for goodwill or indefinite life assets), the Group estimates the asset's recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's cash generating units (CGU's) to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Indications of impairment might include (for goodwill and the brand assets, for instance) a significant decrease in the like for like sales of established stores, sustained negative publicity or a drop off in visits to our website and social media accounts.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses of continuing operations, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and acquired brands with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income, except for impairment of goodwill which is not reversed.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items, using the weighted average method.

Stock purchased in foreign currency is booked in at the hedge rate applicable to that stock (if effectively hedged) or the underlying foreign currency rate on the date that the item is brought into stock.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. Transport, warehouse and distribution costs are not included in the valuation of inventory.

Share options

The Group operates several equity settled share option schemes.

The schemes have been accounted for under the provisions of IFRS 2, and accordingly have been fair valued on their inception date using appropriate methodology (the Black Scholes and Monte Carlo models).

A cost is recorded through the statement of comprehensive income in respect of the number of options outstanding and the fair value of those options. A corresponding credit is made to the retained earnings reserve and the effect of this can be seen in the statement of changes in equity. See note 9 for more details.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is highly probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Financial instruments

The Group uses derivative financial instruments such as forward currency contracts, fuel swaps and interest rate swaps to reduce its foreign currency risk, commodity price risk and interest rate risk. Derivative financial instruments are recognised at fair value. The fair value is derived using an internal model and supported by valuations by third party financial institutions.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income. Effectiveness of the derivatives subject to hedge accounting is assessed prospectively at inception of the derivative, and at each reporting period end date prior to maturity.

Where a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset, such as an item of inventory, the associated gains and losses are recognised in the initial cost of that asset.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is reclassified in the statement of other comprehensive income immediately.

Financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income.

A financial asset is measured at amortised cost using the effective interest rate if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Under IFRS 9 trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

IFRS 9 includes an 'expected loss' model ('ECL') for recognising impairment of financial assets held at amortised cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group performs the calculation of expected credit losses separately for each customer group.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise derivative financial instruments entered into by the Group that are designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value recognised in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivatives held for trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held-for-trading are recognised in profit and loss.

Other financial liabilities

After initial recognition, interest bearing loans and borrowings, trade and other payables and other liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to mark-to-market valuations obtained from the relevant bank (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, less bank overdrafts to the extent the group has the right to offset and settle these balances net.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess of the consideration made for the shares, over and above the nominal valuation of those shares;
- "Legal reserve" representing the statutory reserve required by Luxembourg law as an apportionment of profit within each Luxembourg company (up to 10% of the standalone share capital);
- "Hedging reserve" representing the fair value of the derivatives held by the Group at the period end that are accounted for under hedge accounting and that represent effective hedges;
- "Merger reserve" representing the reserve created during the reorganisation of the Group in 2014;
- "Retained earnings reserve" represents retained profits;

Foreign currency translation

These consolidated financial statements are presented in pounds sterling.

The following Group companies have a functional currency of pounds sterling:

- B&M European Value Retail S.A.
- B&M European Value Retail 1 S.à r.l. (Lux Holdco)
- B&M European Value Retail Holdco 1 Ltd (UK Holdco 1)
- B&M European Value Retail Holdco 2 Ltd (UK Holdco 2)
- B&M European Value Retail Holdco 3 Ltd (UK Holdco 3)
- B&M European Value Retail Holdco 4 Ltd (UK Holdco 4)
- EV Retail Ltd
- B&M Retail Ltd
- Opus Homewares Ltd
- Retail Industry Apprenticeships Ltd
- Heron Food Group Ltd
- Heron Foods Ltd
- Cooltrader Ltd
- Heron Properties (Hull) Ltd

The following Group companies have a functional currency of the Euro:

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- SAS Babou
- Babou Relationship Partners – BRP SAS
- B&M European Value Retail Germany GmbH (Germany Holdco)

The Group companies whose functional currency is the Euro have been consolidated into the Group via retranslation of their results in line with IAS 21 *Effects of Changes in Foreign Exchange Rates*. The assets and liabilities are translated into pounds sterling at the year end exchange rate. The revenues and expenses are translated into pounds sterling at the average monthly exchange rate during the period. Any resulting foreign exchange difference is cumulatively recorded in the foreign exchange reserve with the annual effect being charged/credited to other comprehensive income.

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Pension costs

The Group operates a defined contribution scheme and contributions are charged to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when a present obligation (legal or constructive) exists as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are discounted where the time value of money is considered to be material.

The property provision also contains expected dilapidation costs. Following a review carried out in the current year this provision covers expected dilapidation costs for any lease considered onerous, any related to stores recently closed, any stores which are planned or at risk of closure and those stores occupied but not under contract. We also provide against the terminal dilapidation expense on our major warehouses, which is built up over the term of the leases that we hold over those warehouses.

Critical judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical judgments

Investments in associates

Multi-lines International Company Ltd (Multi-lines), which is 50% owned by the Group, has been judged by management to be an associate rather than a subsidiary or a joint venture.

Under IFRS 10 control is determined by:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Although 50% owned, B&M Group does not have voting rights or substantive rights. Therefore, the level of power over the business is considered to be more in keeping with that of an associate than a joint-venture, and hence it has been treated as such within these consolidated financial statements.

Hedge accounting

The Group hedge accounts for stock purchases made in US Dollars.

There is significant management judgment involved in forecasting the level of dollar purchases to be made within the period that the forward hedge has been bought for.

Management takes a prudent view that no more than 80% of the operational hedging in place can be subject to hedge accounting, due to forecast uncertainties, and assesses every forward hedge taken out, on inception, if that figure should be reduced further by considering general purchasing trends, and discussion of specific purchasing decisions.

Carried forward tax loss

Our French entity carried forward a significant historical tax loss in prior years which the Group had not recognised as a deferred tax asset due to the uncertainty that we would be able to utilise the tax loss against future profits.

However, prudent budgets and forecasts made by management reflect that the tax loss is highly likely to be realisable in the foreseeable future. Management have therefore made the judgment that these tax losses should be recognised and as such a €7.4m deferred tax credit has been recognised.

This assessment has not been affected by the closure of the French stores due to the Covid-19 pandemic.

Management will continue to monitor forecasts and budgets prepared on a regular basis to ensure that this assessment remains correct in their judgment until the deferred tax asset has been utilised in full.

Estimation uncertainty

Goodwill impairment

The Group's calculation for goodwill impairment includes several assumptions that are based upon managerial judgment.

As well as those discussed in note 13 around the inputs, they include the basis of the calculation itself i.e. which cash flows should be included, whether allowance should be made for growth of the store estate and, related to this, the level of capital expenditure in current stores is to be included and on which timescale.

Management believes that the key element in determining whether an impairment is required is the value in use of the cash generating units themselves, which can be summarised as the return made by those cash generating units when considering the costs directly attributable to making those sales.

Inventory valuation

Under IAS 2 ("*Inventories*") inventory is required to be recognised at the lower of cost and net realisable value.

Management have exercised significant judgment in relation to the net realisable value of stock affected by the Covid-19 pandemic within both presented periods.

Specifically, in France an additional provision has been made of €4.5m in respect to seasonal stock which may be specifically impacted by the uncertainty over the phasing of the reopening of the store estate. This compares to a €7.3m provision made at the prior year end. The gross stock balance in France at the year end was €95.1m (2020: €103.5).

Whilst great uncertainty exists in the region, management considers that a smaller provision is appropriate due to the outturn of the prior year provision where the majority was released through profit and loss as the stock was sold through once the stores reopened.

Lease discount rates

Where a rate implicit to the lease is not available, the selection of a discount rate for a lease is based upon the marginal cost of borrowing to the business in relation to the funding for a similar asset.

Management calculates appropriate discount rates based upon the marginal cost of borrowing currently available to the business as adjusted for several factors including, the term of the lease, the location and type of asset and how often payments are made.

Management consider that these are the key details in determining the appropriate marginal cost of borrowing for each of these assets.

Lease term

The lease term is a key input into calculating the initial lease liability under IFRS 16.

Management consider it appropriate, unless there is a good reason to act otherwise, to initially set a lease term equal to the longest possible contractual term of that lease, reflecting our intention to operate profitable locations on acquisition without requiring break clauses, but taking extension clauses where available.

Upon termination of a lease, where there does not exist a new agreement for the property but we remain in occupation, a new 'Holding over' lease is created with a term based upon management's expectations of how long the group is reasonably certain to stay in that property based upon recent trading patterns and the pipeline of existing or potential new opportunities.

Management consider that this is appropriate as it more fairly reflects the Group's intention to continue to occupy and trade from these properties.

Standards and Interpretations not yet applied by the Group

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have not yet been applied by the Group in the period. None of these are expected to have a significant impact on the Group's consolidated results or financial position:

IASB effective for annual periods beginning on or after 1 June 2020

Standard	Summary of changes	EU Endorsement status	UK Endorsement status
Amendment to IFRS 16 Leases	Amendments to IFRS 16 Leases to add a practical expedient which would allow lessees to not account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19. Instead a one-off reduction in rent could be treated as a variable lease payment and be recognised in profit or loss.	Endorsed (9 th October 2020). EU effective date 1 June 2020.	Given these amendments were endorsed by the EU before 31 December 2020 they are part of the EU-IFRS as it stands at 31 December 2020 and therefore are UK endorsed. UK effective date 1 June 2020.

IASB effective for annual periods beginning on or after 1 January 2021

Standard	Summary of changes	EU Endorsement status	UK Endorsement status
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	Phase two of the amendments introduce a practical expedient in IFRS 9 to update the effective interest rate instead of recognising a gain or loss when a modification of a financial contract occurs as a result of the IBOR reform, a similar practical expedient will apply for IFRS 16, and for companies applying IAS 39. The amendments to IFRS 7 requires additional disclosures about the nature and exposure to risks from the interest rate benchmark reform, how they manage such risks and the progress to transition to alternative benchmark rates.	Endorsed (14 th January 2021). EU effective date 1 January 2021.	Endorsed (5 th January 2021). UK effective date 1 January 2021

IASB effective for annual periods beginning on or after 1 January 2022

Standard	Summary of changes	EU Endorsement status	UK Endorsement status
Amendments to IFRS 3 Business combinations	The amendments updated a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the requirements for a business combination accounting.	Not yet endorsed.	Not yet endorsed
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.	Not yet endorsed	Not yet endorsed
Annual improvements – cycle 2018-2020	<p>This cycle of improvements contains amendments to the following standards:</p> <ul style="list-style-type: none"> • <i>IFRS 1 First-time adoption of International Financial Reporting Standards</i>: where a subsidiary adopts IFRS later than its parent and elects to apply para D16(a) of IFRS 1, the subsidiary can elect to measure cumulative translation differences using the amounts reported in the consolidated accounts of the parent, based on the parent's date of transition to IFRS. • <i>IFRS 9 Financial Instruments</i>: clarifies the fees to be included in the '10 per cent' test for derecognition of financial liabilities. • <i>Illustrative Examples accompanying IFRS 16 Leases</i>: to remove the illustration of payments from the lessor relating to leasehold improvements. • <i>IAS 41 Agriculture</i>: to remove the requirement for entities to exclude cash flows for taxation when measuring fair value. 	Not yet endorsed	Not yet endorsed

2 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.

Items that fall into the corporate category, which is not a separate segment but is presented to reconcile the 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 3).

The average Euro rate for translation purposes was €1.1203 /£ during the year, with the year end rate being €1.1691 /£ (2020: €1.1441/£ and €1.1176/£ respectively).

52 week period to 27 March 2021	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Total £'000
Revenue	4,077,564	414,777	309,084	-	4,801,425
EBITDA (note 3)	592,186	24,567	11,111	(4,954)	622,910
EBITDA (IFRS 16) (note 3)	758,082	35,014	42,314	(4,954)	830,456
Depreciation and amortisation	(160,710)	(20,386)	(34,151)	-	(215,247)
Net finance expense	(48,411)	(2,527)	(12,668)	(26,164)	(89,770)
Income tax (expense)/credit	(106,896)	(1,890)	1,239	10,212	(97,335)
Segment profit/(loss)	442,065	10,211	(3,266)	(20,906)	428,104
Total assets	2,687,274	282,204	347,927	41,049	3,358,454
Total liabilities	(1,476,745)	(117,425)	(239,863)	(791,453)	(2,625,486)
Capital expenditure*	(65,203)	(13,174)	(9,541)	-	(87,918)
52 week period to 28 March 2020	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Continuing Total £'000
Revenue	3,140,144	389,867	283,376	-	3,813,387
EBITDA (note 3)	321,590	25,551	(3,003)	38,839	382,977
EBITDA (IFRS 16) (note 3)	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 in respect of the prior year is the capital expenditure at Jawoll. See note 6.

Revenue is disaggregated geographically as follows:

Period to	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Revenue due to UK operations	4,492,341	3,530,011
Revenue due to French operations	309,084	283,376
Overall revenue	<u>4,801,425</u>	<u>3,813,387</u>

The Group operates a small wholesale operation, with the relevant disaggregation of revenue as follows:

Period to	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Revenue due to sales made in stores	4,754,031	3,777,238
Revenue due to wholesale activities	47,394	36,149
Overall revenue	<u>4,801,425</u>	<u>3,813,387</u>

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

The Group reports as election 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 reconciliations from the statement of comprehensive income are set out below.

Period to	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Profit on ordinary activities before interest and tax	615,209	333,691
Add back depreciation and amortisation	215,247	203,419
EBITDA (IFRS 16)	<u>830,456</u>	<u>537,110</u>
Exclude effects of IFRS 16 on administrative costs	(207,546)	(154,133)
EBITDA	<u>622,910</u>	<u>382,977</u>
Reverse the fair value effect of ineffective derivatives	6,775	(641)
Foreign exchange on intercompany balances	3,219	(3,694)
Foreign exchange on acquisition facility	-	3,334
Gain on sale and leaseback of the Bedford warehouse	-	(48,984)
(Release)/recognition of exceptional French stock provision	(6,505)	9,315
Adjusted EBITDA	<u>626,399</u>	<u>342,307</u>
Pre-IFRS 16 depreciation and amortisation	(62,413)	(57,684)
Net adjusted finance costs (see note 5)	(23,841)	(24,596)
Adjusted profit before tax	<u>540,145</u>	<u>260,027</u>
Adjusted tax	(105,644)	(57,048)
Adjusted profit for the period	<u>434,501</u>	<u>202,979</u>
Attributable to owners of the parent	434,501	202,979

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	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Adjusted EBITDA (above)	626,399	342,307
Include other effects of IFRS 16 on EBITDA	207,546	154,133
Exclude the effect of IFRS 16 on the gain on the Bedford transaction	-	32,052
Adjusted EBITDA (IFRS 16)	833,945	528,492
Depreciation and amortisation	(215,247)	(203,419)
Interest costs related to lease liabilities (note 5)	(61,411)	(57,206)
Net adjusted other finance costs	(23,841)	(24,596)
Adjusted profit before tax (IFRS 16)	533,446	243,271
Adjusted tax	(106,617)	(56,372)
Adjusted profit for the period (IFRS 16)	426,829	186,899

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 in the prior year with the gain on the sale and leaseback of the Bedford warehouse.

The exceptional French stock provision was recognised in the prior year when the first French lockdown was put into place, resulting in the closure of the French store estate, and there was significant uncertainty regarding when stores would be able to reopen. In the prior year the balance also included the additional specific losses made by the French segment in those early weeks of the pandemic. Ultimately the stock provision was largely released during the current year, as the stock was sold through once the stores were reopened and this release has been treated as adjusting to match the prior year treatment when recognising the provision. No new adjusting items have been recognised in respect of the pandemic in the current year.

Adjusted gross profit reconciles as follows:

Period to	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Statutory gross profit	1,769,970	1,282,808
Impact on cost of sales of exceptional French stock provision	(6,505)	6,369
Adjusted gross profit	1,763,465	1,289,177

Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above and the one off deferred tax gain on recognition of the deferred tax asset in France.

The segmental split in EBITDA (IFRS 16) and Adjusted EBITDA (IFRS 16) reconciles as follows:

52 week period to 27 March 2021	UK B&M £'000	UK Heron £'000	France Babou £'000	Corporate £'000	Total £'000
Continuing operations					
Profit/(loss) before interest and tax	597,372	14,628	8,163	(4,954)	615,209
Add back depreciation and amortisation	160,710	20,386	34,151	-	215,247
EBITDA (IFRS 16)	758,082	35,014	42,314	(4,954)	830,456
Adjusting items detailed above	-	-	-	3,489	3,489
Adjusted EBITDA	758,082	35,014	42,314	(1,465)	833,945

52 week period to 28 March 2020	UK		France	Corporate	Total
	B&M	Heron	Babou		
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
Profit/(loss) before interest and tax	318,209	15,847	(7,145)	6,780	333,691
Add back depreciation and amortisation	148,946	19,109	35,357	7	203,419
EBITDA	467,155	34,956	28,212	6,787	537,110
Adjusting items detailed above	-	-	-	(40,670)	(40,670)
IFRS 16 adjustment to gain at Bedford	-	-	-	32,052	32,052
Adjusted EBITDA	467,155	34,956	28,212	(1,831)	528,492

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.

4 Operating profit

The following items have been charged in arriving at operating profit from continuing operations:

Period ended	52 weeks ended	52 weeks ended
	27 March	28 March
	2021	2020
	£'000	£'000
Auditor's remuneration	792	722
Payments to auditors in respect of non-audit services:		
Taxation advisory services	-	-
Other assurance services	220	10
Other professional services	-	-
Cost of inventories recognised as an expense (included in cost of sales)	3,031,455	2,530,579
Depreciation of owned property, plant and equipment	57,157	52,366
Amortisation (included within administration costs)	2,571	2,433
Depreciation of right of use assets	155,519	148,620
Impairment of right of use assets	5,142	6,838
Operating lease rentals	(488)	4,479
Loss/(gain) on sale of property, plant and equipment	571	(163)
(Loss)/gain on sale and leaseback	142	(16,928)
Loss on foreign exchange	8,988	660

5 Finance costs and finance income

Finance costs include all interest related income and expenses. The following amounts have been included in the continuing profit line for each reporting period presented:

Period ended	52 weeks to	52 weeks to
	27 March	28 March
	2021	2020
	£'000	£'000
Continuing operations		
Interest on debt and borrowings	(22,470)	(22,732)
Ongoing amortisation of finance fees	(1,666)	(2,077)
Total adjusted finance expense	(24,136)	(24,809)
Non capitalised fees incurred on refinancing	(2,625)	-
Release of remaining unamortised fees on previous facilities	(1,893)	-
Total other finance expense	(28,654)	(24,809)
Finance costs on lease liabilities	(61,411)	(57,206)
Total finance expense	(90,065)	(82,015)

The finance expense reconciles to the statement of cash flows as follows:

	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Period ended		
Cash		
Finance costs paid in relation to debt and borrowings	23,186	23,957
Finance costs paid in relation to lease liabilities	61,411	63,790
Fees paid in relation to refinancing	10,787	-
Finance costs paid	<u>95,384</u>	<u>87,747</u>
Finance costs paid for debt and borrowings within discontinued operations	-	(1,350)
Finance costs paid for right of use assets within discontinued operations	-	(6,584)
Finance costs paid for within continuing operations	<u>95,384</u>	<u>79,813</u>
Non cash		
Movement of accruals in relation to debt and borrowings	(826)	125
Capitalisation of amortised fees in relation to the new facilities	(8,052)	-
Release of capitalised fees held in relation to previous facilities	1,893	-
Ongoing amortisation of finance fees	1,666	2,077
Total finance expense within continuing operations	<u>90,065</u>	<u>82,015</u>

	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Period ended		
Interest income on loans and bank accounts	295	213
Total adjusted finance income	<u>295</u>	<u>213</u>
Gain on revaluing deferred consideration in respect of Heron	-	134
Total finance income	<u>295</u>	<u>347</u>

Total net adjusted finance costs are therefore:

	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Period ended		
Total adjusted finance expense	(24,136)	(24,809)
Total adjusted finance income	295	213
Total net adjusted finance costs	<u>(23,841)</u>	<u>(24,596)</u>

6 Business disposal

In the prior year on 27 March 2020 the Group announced the disposal of J.A. Woll-Handels GmbH and their 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 their results have been reclassified in the prior year's 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	<u>11,186</u>	<u>12,501</u>
Deferred consideration	(8,948)	(10,000)
Overdraft released on disposal	726	811
Amount related to the disposal as disclosed in the prior year statement of cash flows	<u>2,964</u>	<u>3,312</u>

The €10m deferred receivable, less €24k of fees, was received in September 2020 (translated to £9.1m on the date of receipt).

The loss on discontinued operations disclosed in the prior year` statement of comprehensive income comprised the following:

	52 weeks to 28 March 2020 £'000
Period ended	
Revenue	210,662
Impairment expense recognised in September 2019	(59,533)
Other expenses	(240,224)
Loss before tax	(89,095)
Income tax expense	(1,721)
Loss from discontinued operations before disposal	(90,816)
Loss on disposal	(23,106)
Loss from discontinued operations	(113,922)
Attributable to non-controlling interests	(9,172)
Attributable to owners of the parent	(104,750)

Jawoll had no other comprehensive income in the period other than to recognise the change in the foreign exchange reserve which was the release of the full amount relating to Jawoll, a charge of £3,053k.

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

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

Specifically, Jawoll spent £3,029k on capital additions in the prior year and this is therefore the balancing number between the segment analysis cash flow in note 2, 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 on the date of this transaction. The remaining balances have been recycled through to the retained earnings reserve, see the statement of changes in equity.

In the prior year, 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 related to the discontinued operation. Further disclosures relating to the sale and leaseback transaction are included in note 15.

In the current year, the Group disposed of an investment in the associate Home Focus Ltd, see note 12.

7 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Continuing operations		
Wages and salaries	515,536	394,894
Social security costs	30,078	21,390
Pensions - defined contribution plans	6,599	5,359
	<u>552,213</u>	<u>421,643</u>

There are £591k of defined contribution pension liabilities owed by the Group at the period end (2020: £526k).

Babou operates a scheme where they must provide a certain amount per employee to pay upon their retirement date. The accrual on this scheme was £1,658k (2020: £1,226k) at the year end.

The average monthly number of persons employed by the Group's continuing operations during the period was:

Period ended	52 weeks to 27 March 2021	52 weeks to 28 March 2020
Continuing operations		
Sales staff	37,981	33,437
Administration	854	769
	<u>38,835</u>	<u>34,206</u>

8 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Directors' remuneration:		
Short term employee benefits	3,518	2,040
Benefits accrued under the share option scheme	799	298
	<u>4,317</u>	<u>2,338</u>
Key management expense (includes Directors' remuneration):		
Short term employee benefits	8,046	4,678
Benefits accrued under the share option scheme	1,164	524
Pension	41	38
	<u>9,251</u>	<u>5,240</u>
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	1,783	1,069
Benefits accrued under the share option scheme	588	181
	<u>2,371</u>	<u>1,250</u>

The emoluments disclosed above are of the directors and key management personnel who have served as a director within any of the continuing Group companies.

9 Share Options

The Group operates three equity settled share option schemes which split down to various tranches. Details of these schemes follow.

1) The Company Share Option Plan (CSOP) scheme

The CSOP scheme was adopted by the Group as a Schedule 4 CSOP Scheme on 29 March 2014. No grant under this scheme can be made more than 10 years after this date.

Eligibility

Employees and executive directors of the Group are eligible for the CSOP and the awards are made at the discretion of the remuneration committee.

Limits & Pricing

A fixed number of options are offered to each participant, with the pricing set as the close price on the grant date. The options offered to each individual cannot exceed a total value of £30,000 measured as the option price multiplied by the number of options awarded, with the whole scheme limited to 10% of the share capital in issue.

Vesting & Exercise

The awards vest on the third anniversary of grant, subject to the following condition:

In order for an option to be eligible for vesting, the underlying UK EBITDA in the last financial year that ended prior to the third anniversary of the grant should not be less than 130% of the underlying UK EBITDA in the last financial year that ended before the grant was made.

Once vested the award can be exercised up until the tenth anniversary of the grant.

Tranches

To the end of March 2021 there have been four tranches of the CSOP, details are as follows:

	Tranche 1	Tranche 4
Date of grant	1 Aug 2014	19 Aug 2016
Option price	271.5p	276.8p
Options granted	596,646	21,676
Fair value of each option at date of grant	83p	50p
Options outstanding at 30 March 2019	11,049	21,676
Exercised	-	(21,676)
Options outstanding at 28 March 2020	11,049	-
Exercised	(11,049)	-
Options outstanding at 27 March 2021	-	-

No options remained on Tranche 2 and 3 as at 30 March 2019.

2) Long-Term Incentive Plan (LTIP) Awards

The LTIP was adopted by the board on 29 May 2014. No grant under this scheme can be made more than 10 years after this date.

Eligibility

Employees and executive directors of the Group are eligible for the LTIP and the awards are made at the discretion of the remuneration committee.

Limits & Pricing

A fixed number of options are offered to each participant, with the pricing set at £nil. The options offered to each individual cannot exceed a total value of 100% (200% under exceptional circumstances) of the participants base salary where the value is measured as the market value of the shares on grant multiplied by the number of options awarded, with the whole scheme limited to 10% of the share capital in issue.

Dividend Credits

All participants in any LTIP awards granted after 1 April 2018 are entitled to a dividend credit where the notional dividend they would have received on the maximum number of shares available under their award is converted into new share options and added to the award based upon the share price on the date of the dividend. These additional awards have been reflected in the tables below.

Vesting & Exercise

The share options are subject to a set of conditions measured over a three year performance period as follows:

LTIP 2015, 2016, 2017A, 2018A, 2019A, 2020A:

- 50% of the awards are subject to a TSR performance condition, where the Group's TSR over the performance period is compared with a comparator group. The awards vest on a sliding scale where the full 50% is awarded if the Group falls in the upper quartile, 12.5% vests if the Group falls exactly at the median, and 0% below that.
- 50% of the awards are subject to a Diluted EPS performance target. The awards vest on a sliding scale based upon the Earnings per share as follows:

Award	EPS as at	50% paid at	12.5% paid at
LTIP 2015	March-18	19.0p	15.0p
LTIP 2016	March-19	22.5p	17.5p
LTIP 2017A	March-20	24.0p	19.0p
LTIP 2018A	March-21	28.0p	23.0p
LTIP 2019A	March-22	33.0p	27.0p
LTIP 2020A	March-23	30.0p	25.0p

Below the 12.5% boundary, no options vest. Diluted EPS is considered to be on frozen GAAP and so does not include the effects of IFRS 16.

- The performance period is the three years ending the year end specified in the EPS table above.
- Once the performance period concludes, the calculated number of share options remaining are then subject to a two year holding period.
- The share options vest at the conclusion of the holding period.

LTIP 2017/B1, 2017/B2, 2018/B1, 2018/B2, 2019/B1, 2019/B2, 2020/B1

- Group EBITDA must be positive in each year of the LTIP.
- The awards also have an employee performance condition attached.

Vested awards can be exercised up to the tenth anniversary of grant.

Tranches

To the end of March 2021 there have been several awards of the LTIP, with the details as follows.

Note that the LTIP 2015, LTIP 2016, LTIP 2017A, LTIP 2018A, LTIP 2019A and LTIP 2020A have been split into the element subject to the TSR (50%) and the element subject to the EPS (50%) since these were valued separately.

The key information used in the valuation of these tranches is as follows:

Scheme	Date of Grant	Original options granted	Fair value of each option	Risk free rate	Expected life (years)	Volatility
2015-TSR	5 Aug 15	40,616	210p	0.92%	5	24%
2015-EPS	5 Aug 15	40,616	341p	0.92%	5	24%
2016-TSR	18 Aug 16	122,385.5	164p	0.09%	5	26%
2016-EPS	18 Aug 16	122,385.5	254p	0.09%	5	26%
2017A-TSR	7 Aug 17	40,610	272p	0.52%	5	32%
2017A-EPS	7 Aug 17	40,610	351p	0.52%	5	32%
2018A-TSR	22 Aug 18	226,672.5	240p	0.97%	5	29%
2018A-EPS	22 Aug 18	226,672.5	409p	0.97%	5	29%
2019A-TSR	22 Aug 19	275,640.5	251p	0.37%	5	31%
2019A-EPS	22 Aug 19	275,640.5	361p	0.37%	5	31%
2020A-TSR	30 Jul 20	141,718	409p	-0.11%	5	48%
2020A-EPS	30 Jul 20	141,718	464p	-0.11%	5	48%
2017/B1	7 Aug 17	287,963	361p	0.25%	3	32%
2017/B2	14 Aug 17	101,654	360p	0.25%	3	32%
2018/B1	23 Jan 18	19,264	400p	0.25%	3	32%
2018/B2	20 Aug 18	236,697	406p	0.25%	3	30%
2019/B1	20 Aug 19	369,061	348p	0.47%	3	30%
2019/B2	18 Sep 19	2,678	373p	0.47%	3	30%
2020/B1	30 Jul 20	303,092	463p	-0.12%	3	39%

Scheme	Options at 29 Mar 20	Granted	Dividend credit	Forfeited	Exercised	Options at 27 Mar 21
2015-TSR	40,616*	-	-	-	(40,616)	-
2015-EPS	31,477*	-	-	-	(31,477)	-
2016-TSR	122,385.5*	-	-	-	-	122,385.5*
2016-EPS	70,982.5*	-	-	-	-	70,982.5*
2017A-TSR	40,610	-	-	(13,053)	-	27,557*
2017A-EPS	40,610	-	-	(22,539)	-	18,071*
2018A-TSR	244,718.5	-	27,333.5	(10,040)	-	262,012
2018A-EPS	244,718.5	-	27,333.5	(10,040)	-	262,012
2019A-TSR	271,922.5	-	28,588.5	(40,878)	-	259,633
2019A-EPS	271,922.5	-	28,588.5	(40,878)	-	259,633
2020A-TSR	-	141,718	15,720.5	-	-	157,438.5
2020A-EPS	-	141,718	15,720.5	-	-	157,438.5
2017/B1	263,855	-	-	(115,188)	(75,000)	73,667
2017/B2	93,629	-	-	(16,050)	(64,200)	13,379
2018/B1	16,856	-	-	(2,408)	(14,448)	-
2018/B2	245,397	-	25,167	(35,805)	-	234,759
2019/B1	392,521	-	40,805	(37,871)	-	395,455
2019/B2	2,847	-	316	-	-	3,163
2020/B1	-	303,092	32,366	(34,734)	-	300,724

Scheme	Options at 30 Mar 19	Granted	Dividend credit	Forfeited	Exercised	Options at 28 Mar 20
2015-TSR	40,616*	-	-	-	-	40,616*
2015-EPS	31,477*	-	-	-	-	31,477*
2016-TSR	122,385.5	-	-	-	-	122,385.5*
2016-EPS	122,385.5	-	-	(51,403)	-	70,982.5*
2017A-TSR	40,610	-	-	-	-	40,610
2017A-EPS	40,610	-	-	-	-	40,610
2018A-TSR	226,672.5	-	18,046	-	-	244,718.5
2018A-EPS	226,672.5	-	18,046	-	-	244,718.5
2019A-TSR	-	255,640.5	16,282	-	-	271,922.5
2019A-EPS	-	255,640.5	16,282	-	-	271,922.5
2017/B1	263,855	-	-	-	-	263,855
2017/B2	93,629	-	-	-	-	93,629
2018/B1	16,856	-	-	-	-	16,856
2018/B2	227,304	-	18,093	-	-	245,397
2019/B1	-	369,061	23,460	-	-	392,521
2019/B2	-	2,678	169	-	-	2,847

* These share options have vested and are in a two year holding period.

3) Deferred Bonus Share Plan (DBSP) Awards

The Deferred Bonus Share Plan differs from the other awards in that there are no vesting conditions.

The scheme has been set up in order to allocate 1/3rd of the executive director's annual bonus into nil price share options which are then placed in holding for three years.

As there are no vesting conditions, these awards have been valued at the amount of the bonus to be converted into share options under the scheme.

There have been two awards under the scheme. The 2021 award will be made after this set of statutory accounts has been published, and will therefore be reported in the next annual report.

Scheme	Options at 28 Mar 20	Granted	Dividend credit	Forfeited	Exercised	Options at 27 Mar 21
2019 Bonus allocation	61,008	-	6,912	-	-	67,920
2020 Bonus allocation	-	45,682	5,066	-	-	50,748

Scheme	Options at 30 Mar 19	Granted	Dividend Credit	Forfeited	Exercised	Options at 28 Mar 20
2019 Bonus allocation	-	56,521	4,496	-	-	61,008

The 2020 scheme has a total fair value of £175k (2019 scheme: £217k).

The summary year end position is as follows:

Period ended	27 March 2021	28 March 2020
Share options outstanding at the start of the year	2,467,125	1,485,798
Share options granted during the year (including via dividend credit)	886,127	1,054,406
Share options forfeited or lapsed during the year	(379,484)	(51,403)
Share options exercised in the year	(236,790)	(21,676)
Share options outstanding at the end of the year	2,736,978	2,467,125
Of which;		
Share options that are not vested	2,292,268	2,129,607
Share options that are vested, but are not eligible for exercise (in holding)	357,664	326,469
Share options that are vested and eligible for exercise	87,046	11,049

All exercised options are satisfied by the issue of new share capital.

In the year, £1,937k has been charged to the consolidated statement of comprehensive income in respect to the share option schemes (2020: £1,422k). At the end of the year the outstanding share options had a carrying value of £3,866k (2020: £3,155k).

10 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2020: 19%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Continuing operations		
Current tax expense	103,981	60,889
Deferred tax credit	(6,646)	(3,643)
Total tax expense recorded in continuing operations profit and loss	<u>97,335</u>	<u>57,246</u>
Deferred tax (credit)/charge in other comprehensive income	(4,509)	1,383
Total tax charge recorded in other comprehensive income	<u>(4,509)</u>	<u>1,383</u>
Result for the year before tax due to continuing operations	525,439	252,023
Expected tax charge at the standard tax rate	99,834	47,885
Effect of:		
Expenses not deductible for tax purposes	4,977	11,559
Income not taxable	(1,587)	(1,925)
Lease accounting	340	873
Foreign operations taxed at local rates	108	(2,495)
Changes in the rate of corporation tax	1,137	386
Adjustment in respect of prior years	(7,469)	322
Hold over gains on fixed assets	560	430
Other	(565)	211
Actual tax expense	<u>97,335</u>	<u>57,246</u>

Deferred taxation

Statement of financial position	27 March 2021 £'000	28 March 2020 £'000
Accelerated tax depreciation	(1,846)	(3,029)
Relating to intangible brand assets	(22,284)	(21,589)
Fair valuing of assets and liabilities (asset)	3,122	12
Fair valuing of assets and liabilities (liability)	(1,854)	(3,474)
Temporary differences relating to the tax accounting for leases	19,387	21,008
Movement in provision	1,556	1,349
Relating to share options	1,741	521
Held over gains on fixed assets	(1,492)	(834)
Losses carried forward	6,310	-
Other temporary differences (asset)	126	98
Other temporary differences (liability)	-	(82)
Net deferred tax asset/(liability)	<u>4,766</u>	<u>(6,020)</u>
Analysed as;		
Deferred tax asset	32,242	22,988
Deferred tax liability	(27,476)	(29,008)

	52 weeks to 27 March 2021 £'000	52 weeks to 28 March 2020 £'000
Statement of comprehensive income		
Accelerated tax depreciation	1,182	220
Relating to intangible brand assets	(737)	(2,057)
Fair valuing of assets and liabilities	4,717	(3,061)
Temporary differences relating to the tax accounting for leases	(1,537)	7,386
Movement in provision	277	(6)
Relating to share options	1,220	161
Held over gains on fixed assets	(659)	(384)
Brought forward losses	6,585	-
Other temporary differences	107	1
Net deferred tax credit	<u>11,155</u>	<u>2,260</u>
Analysed as;		
Total deferred tax credit in profit or loss due to continuing operations	6,646	3,643
Total deferred tax credit/(charge) in other comprehensive income	4,509	(1,383)

In March 2021 the UK government announced a planned change in the future corporation tax rate to 25% from April 2023. When granted royal assent this change in rate is expected to impact our deferred tax held in the UK, and specifically the deferred tax liability held on our brand assets and the deferred tax asset held over our IFRS 16 balances. The net impact on these two items, had the rate already been enacted, would have been a £1.9m charge to profit or loss.

During the period the Group has recognised €7.4m of brought forward losses as a deferred tax asset due to making the assessment that these losses are realisable against future profits of the French business, see note 1. There were therefore no unrecognised deferred tax assets in relation to losses carried forward within the Group at the period end (2020: £9.6m). In the above tax reconciliation the recognition of these losses is included in the caption 'Adjustment in respect of prior years'.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit or loss 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 3.

There are share option schemes in place (see note 9) which have a dilutive effect on both periods presented.

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

Period ended	27 March 2021 £'000	28 March 2020 £'000
Continuing operations		
Profit for the period attributable to owners of the parent	428,104	194,777
Adjusted profit for the period attributable to owners of the parent	434,501	202,979
Adjusted (IFRS 16) profit for the period attributable to owners of the parent	426,829	186,899
Discontinued operations		
Loss for the period attributable to owners of the parent	-	(104,750)
All operations		
Profit for the period attributable to owners of the parent	428,104	90,027
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	1,000,695	1,000,570
Dilutive effect of employee share options	1,382	698
Weighted average number of ordinary shares adjusted for the effect of dilution	1,002,077	1,001,268
Continuing operations		
	Pence	Pence
Basic earnings per share	42.8	19.5
Diluted earnings per share	42.7	19.5
Adjusted basic earnings per share	43.4	20.3
Adjusted diluted earnings per share	43.4	20.3
Adjusted IFRS 16 basic earnings per share	42.7	18.7
Adjusted IFRS 16 diluted earnings per share	42.6	18.7
Discontinued operations		
	Pence	Pence
Basic loss per share	0.0	(10.5)
Diluted loss per share	0.0	(10.5)
All operations		
	Pence	Pence
Basic earnings per share	42.8	9.0
Diluted earnings per share	42.7	9.0

12 Investments in associates

Period ended	27 March 2021 £'000	28 March 2020 £'000
Net book value		
Carrying value at the start of the period	5,700	6,920
Disposal of holding in Home Focus Group Ltd	(316)	-
Dividends received	(2,186)	(2,580)
Share of profits in associates since the prior year valuation exercise	1,795	879
Effect of foreign exchange on translation	(514)	481
Carrying value at the end of the period	4,479	5,700

The Group has a 22.5% holding in Centz Retail Holdings Limited, “Centz”, a company incorporated in Ireland. The principal activity of the company is retail sales and their registered address is 5 Old Dublin Road, Stillorgan, Co. Dublin

The Group has a 50% interest in Multi-lines International Company Ltd, “Multi-Lines”, a company incorporated in Hong Kong. The principal activity of the company is the purchase and sale of goods and their registered address is 8/F, Hope Sea Industrial Centre, No. 26 Lam Hing Street, Kowloon Bay, Hong Kong.

The Group previously held 20% of the ordinary share capital of Home Focus Group Ltd, a company incorporated in Republic of Ireland and whose principal activity is retail sales and their registered address is Boole House, Beech Hill Office Campus, Beech Hill Road, Clonskeagh, Dublin 4. This holding was sold in December 2020 for €350k, which was equal to the carrying value at the prior year end. Home Focus Group is immaterial for further disclosure.

None of the entities have discontinued operations or other comprehensive income, except that on consolidation all entities have a foreign exchange translation difference.

Period ended	27 March 2021 £'000	28 March 2020 £'000
Multi-lines		
Non-current assets	4,964	2,417
Current assets	73,814	74,702
Non-current liabilities	-	-
Current liabilities	(72,207)	(67,688)
Net assets	<u>6,571</u>	<u>9,431</u>
Revenue	240,379	221,145
Profit	<u>2,404</u>	<u>969</u>
Period ended	27 March 2021 £'000	28 March 2020 £'000
Centz		
Non-current assets	10,893	9,941
Current assets	24,589	12,447
Non-current liabilities	(10,210)	(8,834)
Current liabilities	(18,623)	(9,225)
Net assets	<u>6,649</u>	<u>4,329</u>
Revenue	61,184	30,305
Profit	<u>3,144</u>	<u>1,719</u>

The figures for both associates show 12 months to December 2020 (prior year: 12 months to December 2019), being the period used in the valuation of the associate.

13 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	-	1,361	-	-	1,361
Disposal of Jawoll	(35,367)	(1,108)	(5,324)	(1,545)	(43,344)
Other disposals	-	(12)	-	-	(12)
Effect of retranslation	2,521	54	385	107	3,067
At 28 March 2020	921,911	10,010	115,274	1,113	1,048,308
Additions	-	1,312	-	-	1,312
Disposals	-	-	-	-	-
Effect of retranslation	(1,182)	(12)	(184)	(49)	(1,427)
At 27 March 2021	920,729	11,310	115,090	1,064	1,048,193
Accumulated amortisation / impairment					
At 30 March 2019	-	4,377	235	1,308	5,920
Charge for the year	-	2,187	355	26	2,568
Impairment of Jawoll	35,112	611	5,286	154	41,163
Disposal of Jawoll	(35,367)	(1,095)	(5,324)	(1,545)	(43,331)
Other disposals	-	(12)	-	-	(12)
Effect of retranslation	255	27	54	57	393
At 28 March 2020	-	6,095	606	-	6,701
Charge for the year	-	2,170	401	-	2,571
Disposals	-	-	-	-	-
Effect of retranslation	-	(8)	(40)	-	(48)
At 27 March 2021	-	8,257	967	-	9,224
Net book value at 27 March 2021	920,729	3,053	114,123	1,064	1,038,969
Net book value at 28 March 2020	921,911	3,915	114,668	1,113	1,041,607

At the year end £0.7m of software was being developed and not yet in use.

Amortisation breaks down as follows:

	27 March 2021 £'000	28 March 2020 £'000
As at		
Amortisation of intangible assets in continuing operations	2,571	2,433
Amortisation of intangible assets in discontinued operations	-	135
Amortisation of intangible assets	2,571	2,568

For more information in respect of the disposal of Jawoll, see note 6.

Impairment review of intangible assets held with indefinite life

The Group holds the following assets with indefinite life:

Segment	27 March 2021 Goodwill £'000	27 March 2021 Brand £'000	28 March 2020 Goodwill £'000	28 March 2020 Brand £'000
UK B&M	807,496	95,900	807,496	95,900
UK Heron	87,580	14,178	87,580	14,178
France Babou	25,653	-	26,834	-

Not all items in the brand classification have an indefinite life as some are time limited. The brand intangible assets that have been identified as having an indefinite life are designated as such as management believe that these assets will hold their value for an indefinite period of time. Specifically the B&M and Heron brands represent leading brands in their sectors with significant histories and growth prospects.

The Babou goodwill is held in Euros, with an underlying balance of €30.0m (2020: €30.0m).

In each case the goodwill and brand assets have been allocated to one group of CGUs, being the store estate within the specific segment to which those assets relate.

The Group performs impairment tests at each period end. The impairment test involves assessing the net present value (NPV) of the expected cash flows in relation to the stores within each CGU according to a number of assumptions to calculate the value in use (VIU) for the group of CGUs.

The key assumptions in assessing the value in use as at 27th March 2021 were;

- (i) The Group's discount rate, calculated via an internal model.
- (ii) The inflation rate for expenses, which has been based upon the consumer price index for the relevant country.
- (iii) The like for like sales growth, an estimate made by management.
- (iv) A terminal growth rate, an estimate made by management based upon the expected position of the business at the end of the five year forecast period.

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 growth of the macro economy to which each segment belongs, when non-negative. This change has been effected prospectively as it has an immaterial impact on the prior year figures.

The assumptions for the continuing entities were as follows:

As at	27 March 2021	28 March 2020
Discount rate (B&M)	11.9%	11.7%
Discount rate (Heron)	12.3%	12.4%
Discount rate (Babou)	11.4%	13.0%
Inflation rate for costs (B&M & Heron)	1.2%	2.6%
Inflation rate for costs (Babou)	0.0%	1.5%
Like for like sales growth (B&M)	2.0%	2.6%
Like for like sales growth (Heron)	2.0%	2.6%
Like for like sales growth (Babou)	2.0%	2.4%
Terminal growth rate (B&M)	0.5%	0.5%
Terminal growth rate (Heron)	1.2%	2.6%
Terminal growth rate (Babou)	0.0%	1.5%

These assumptions are reflected for five years in the CGU forecasts and beyond this a perpetuity calculation is performed using the assumptions made regarding terminal growth rates.

For the UK entities, the first year like for likes (LFL's) have been adjusted to reflect the impact of Covid-19 on the current year, with assumptions used of -6.9% for B&M and -0.3% for Heron.

In each case, the results of the impairment tests on the continuing operations identified that the VIU was in excess of the carrying value of assets within each group of CGUs at the period end dates. The headroom with the base case assumptions in B&M was £3,442m, Heron £142m and Babou €169m (2020: £2,071m, £143m and €23m respectively).

No indicators of impairment were noted in the segments and the impairment test was sensitised with reference to the key assumptions for reasonable possible scenarios.

These scenarios specifically included

- A drop off in sales or gross margin, modelling flat long term like for likes and terminal growth rates.
- Sales prices failing to keep pace with inflation such that the local inflation rates exceed like for like sales by 2 percentage points.
- A deterioration of the credit environment, leading to a significantly increased cost of capital of 15%.

Further scenarios were also considered as part of our viability testing, including the potential for further lockdowns, the loss of a warehouse due to a fire and any impact on our supply chain with respect to international relations.

None of the sensitised or viability scenarios indicated that an impairment would result in any of our segments.

To further quantify the sensitivity, the below tables demonstrate the point at which each impairment test would first fail for changes in each of the key assumptions assuming each other key assumption is held level:

	27 March 2021	28 March 2020
B&M		
Discount rate	62.6%	29.3%
Inflation rate for expenses	14.1%	10.5%
Like for like sales	(9.3)%	(2.9)%
Terminal growth rate	Not sensitive	Not sensitive
Babou		
Discount rate	39.0%	15.9%
Inflation rate for expenses	20.5%	3.9%
Like for like sales	(28.2)%	(1.5)%
Terminal growth rate	Not sensitive	(2.4)%
Heron		
Discount rate	22.9%	22.5%
Inflation rate for expenses	5.6%	6.6%
Like for like sales	(2.0)%	(0.3)%
Terminal growth rate	(27.0)%	(22.0)%

14 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	37,041	4,575	81,654	123,270
Disposal of Jawoll	(17,777)	(478)	(24,406)	(42,661)
Other disposals	(97,602)	(1,162)	(20,762)	(119,526)
Effect of retranslation	874	22	2,225	3,121
At 28 March 2020	85,803	15,900	380,432	482,135
Additions	17,709	4,597	64,300	86,606
Disposals	(3,733)	(1,087)	(6,002)	(10,822)
Effect of retranslation	-	-	(1,869)	(1,869)
At 27 March 2021	99,779	19,410	436,861	556,050
Accumulated depreciation and impairment charges				
At 30 March 2019	20,037	3,303	116,010	139,350
Charge for the period	4,546	2,770	46,939	54,255
Impairments	1,193	32	12,757	13,982
Disposal of Jawoll	(6,220)	(167)	(21,973)	(28,360)
Other disposals	(449)	(860)	(9,103)	(10,412)
Effect of retranslation	363	7	752	1,122
At 28 March 2020	19,470	5,085	145,382	169,937
Charge for the period	4,173	3,750	49,234	57,157
Disposals	(442)	(809)	(5,421)	(6,672)
Effect of retranslation	-	-	(736)	(736)
At 27 March 2021	23,201	8,026	188,459	219,686
Net book value at 27 March 2021	76,578	11,384	248,402	336,364
Net book value at 28 March 2020	66,333	10,815	235,050	312,198

Depreciation breaks down as follows:

	27 March 2021 £'000	28 March 2020 £'000
As at		
Depreciation of property, plant and equipment in continuing operations	57,157	52,366
Depreciation of property, plant and equipment in discontinued operations	-	1,889
Depreciation of property, plant and equipment	<u>57,157</u>	<u>54,255</u>

For more details regarding the impairment and disposal of Jawoll, see note 6.

Under the terms of the loan and notes facilities in place at 27 March 2021, fixed and floating charges were held over £76.6m of the net book value of land and buildings, £11.9m of the net book value of motor vehicles and £223.2m of the net book value of the plant, fixtures and equipment. (2020: £66.3m, £10.8m, £210.7m respectively).

A significant sale and leaseback took place in the prior year in relation to the Bedford warehouse, which was carried at £103.7m on the date of the transaction. See note 15 for more details.

At the year end £0.2m of assets were under construction (2020: £nil).

Included within land and buildings is land with a cost of £5.8m (2020: £5.8 m) which is not depreciated.

Capital commitments

There were £12.1m of contractual capital commitments not provided within the Group financial statements as at 27 March 2021 (2020: £3.3m).

15 Right of use assets

	Land and buildings £'000	Motor vehicles £'000	Plant, fixtures and equipment £'000	Total £'000
Net book value				
As at 30 March 2019	1,010,733	20,096	6,044	1,036,873
Additions	312,880	5,390	5,402	323,672
Modifications	4,202	21	3	4,226
Disposal of Jawoll	(82,459)	(560)	(237)	(83,256)
Other disposals	(41,099)	(129)	(235)	(41,463)
Impairment	(6,838)	-	-	(6,838)
Depreciation	(146,236)	(6,985)	(3,577)	(156,798)
Foreign exchange	10,090	33	79	10,202
As at 28 March 2020	1,061,273	17,866	7,479	1,086,618
Additions	152,685	2,763	3,027	158,475
Modifications	6,679	2	-	6,681
Disposals	(12,801)	(55)	(109)	(12,965)
Impairment	(5,142)	-	-	(5,142)
Depreciation	(145,787)	(6,134)	(3,598)	(155,519)
Foreign exchange	(7,400)	(12)	(155)	(7,567)
As at 27 March 2021	1,049,507	14,430	6,644	1,070,581

Depreciation breaks down as follows:

	27 March 2021 £'000	28 March 2020 £'000
As at		
Right of use asset depreciation in continuing operations	155,519	148,620
Right of use asset depreciation in discontinued operations	-	8,178
Right of use asset depreciation	<u>155,519</u>	<u>156,798</u>

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.

At the year end there was one property with a significant unrecognised extension clause for which the Group has full autonomy over exercising in 2040. On the date of recognition of the relevant right of use asset, in March 2020, the extension period liability had a net present value of £30.2m

There are no material covenants imposed by our right-of-use leases

In the year the Group expensed £2.1m (2020: £1.8m) in relation to low value leases and £0.1m (2020: £0.3m) in relation to short term leases for which the Group applied the practical expedient under IFRS 16.

The Group has expensed £0.4m (2020: <£0.1m) in relation to variable lease payments. The agreements are on-going and future payments are expected to be in-line with those expensed recently.

The Group received £3.3m (2020: £2.2m) in relation to subletting right-of-use assets.

The impairments noted in the table above are recorded when the carrying value of a right of use asset exceeds the value in use of that asset. These arise when we exit a store before the related lease has come to an end, or as the outcome of our annual store impairment review. All impairments are in relation to store leases. No impairments have been reversed in the presented periods.

The segmental splits of the impairments were B&M £3.6m, Heron £1.2m, Babou £0.4m (2020: B&M £2.5m, Jawoll £4.3m).

The current and future cashflows for the right-of-use assets are:

	27 March	Restated*
	2021	28 March
	£'000	2020
This year	202,201	213,281
Within 1 year	213,152	197,842
Between 1 and 2 years	205,262	203,272
Between 2 and 5 years	519,517	513,295
More than 5 years	672,844	712,227
Total	1,610,775	1,626,636

* This table has been restated in respect of reclassifying a non-cash movement (see notes 1, 24).

The change in lease liability reconciles to the figures presented in the consolidated statement of cashflows as follows:

	27 March 2021 £'000	28 March 2020 £'000
Lease liabilities brought forward	1,295,244	1,206,922
Cash		
Repayment of the principal in relation to right of use assets	(140,790)	(142,653)
Payment of interest in relation to right of use assets	(61,411)	(63,790)
Non-cash		
Interest charge (continuing operations)	61,411	57,206
Interest charge (discontinued operations)	-	6,584
Disposal of Jawoll	-	(93,732)
Effects on lease liability relating to lease additions, modifications and disposals	155,084	313,727
Effects of foreign exchange	(8,169)	10,980
Total cash movement in the year	(202,201)	(206,443)
Total non-cash movement in the year	208,326	294,765
Movement in the year	6,125	88,322
Lease liabilities carried forward	1,301,369	1,295,244
Of which current	162,735	149,011
Of which non-current	1,138,634	1,146,233

Discount rates

Where, as in most cases, a discount rate implicit to the lease is not available, discount rates are calculated for each lease with reference to the underlying cost of borrowing available to the business and several other factors specific to the asset.

The selection of discount rates is therefore a management judgement, see note 1. As this is a significant management judgement we have calculated the weighted average discount rates and sensitivity to a 50bps change in the discount rate to the interest charge as follows:

	27 March 2021	28 March 2020
Weighted average discount rate		
Property	4.72%	5.08%
Equipment	3.31%	3.31%
All right of use assets	4.70%	5.06%
Effect on finance costs with a change of 50bps to the discount rate	£'000	£'000
Property	6,416	6,211
Equipment	110	127
All right of use assets	6,526	6,338

Sale and Leaseback

During the year the business has undertaken one sale and leaseback (2020: two).

In the prior year, a significant sale and leaseback took place in regards to the warehouse at Bedford. The consideration for this transaction was £153.8m and a profit was recognised of £16.9m.

The details of the transactions were as follows:

	27 March 2021 £'000	28 March 2020 £'000
Consideration received	6,080	158,710
Net book value of the asset disposed	(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)

The pre-IFRS 16 profit is higher because the provisions of IFRS 16 require that a portion of the profit relating to the sale and leaseback is instead recognised as a reduction in the opening right of use asset, and therefore the benefit is released over the term of the contract.

16 Inventories

	27 March 2021 £'000	28 March 2020 £'000
As at		
Goods for resale	605,126	588,000

Included in the amount above was a net charge of £4.2m related to inventory provisions (2020: £6.7m net charge). In the period to 27 March 2021 £3,031m (2020: £2,531m) was recognised as an expense for inventories.

17 Trade and other receivables

	27 March 2021 £'000	28 March 2020 £'000
Non-current		
Other receivables	7,084	7,517
	7,084	7,517
Current		
Trade receivables	3,611	6,568
Deposits on account	2,533	1,478
Provision for impairment	(410)	(252)
Net trade receivables to non-related parties	5,734	7,794
Prepayments	14,145	19,775
Related party receivables	7,564	5,772
Other tax	8,341	2,329
Other receivables	6,376	24,918
	42,160	60,588

Trade receivables are stated initially at their fair value and then at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount is determined by the directors to be a reasonable approximation of fair value.

In the prior year there were significant balances of £8.9m (€10m) in relation to the consideration receivable for Jawoll and £4.7m in relation to the final part of the consideration receivable in respect of the Bedford transaction. These balances were both held within the current other receivables caption above and both of which were subsequently realised during the year. There are no individually non-related significant balances held at the current year end. See note 27 in respect of balances held with related parties.

The following table sets out an analysis of provisions for impairment of trade and other receivables:

Period ended	27 March 2021 £'000	28 March 2020 £'000
Provision for impairment at the start of the period	(252)	(247)
Impairment during the period	(201)	(52)
Utilised/released during the period	32	56
Effect of foreign exchange	11	(9)
Balance at the period end	<u>(410)</u>	<u>(252)</u>

Trade receivables are non-interest bearing and are generally on terms of 30 days or less.

The following table sets out a maturity analysis of trade receivables, including those which are past due but not impaired:

As at	27 March 2021 £'000	28 March 2020 £'000
Neither past due nor impaired	2,100	5,073
Past due less than one month	381	499
Past due between one and three months	358	15
Past due for longer than three months	772	981
Balance at the period end	<u>3,611</u>	<u>6,568</u>

18 Cash and cash equivalents

As at	27 March 2021 £'000	28 March 2020 £'000
Cash at bank and in hand	217,682	428,205
Overdrafts	-	(928)
Cash and cash equivalents	<u>217,682</u>	<u>427,277</u>

As at the year end the Group had available £141.5m of undrawn committed borrowing facilities (2020: £21.5m).

19 Trade and other payables

As at	27 March 2021 £'000	28 March 2020 £'000
Non-current		
Accruals	-	171
	<u>-</u>	<u>171</u>
Current		
Trade payables	343,831	315,146
Other tax and social security payments	65,701	43,715
Accruals and deferred income	99,927	45,505
Related party trade payables	8,876	11,432
Other payables	5,925	4,201
	<u>524,260</u>	<u>419,999</u>

Trade payables are generally on 30 day terms and are not interest bearing. The carrying value of trade payables approximates to their fair value. For further details on the related party trade payables, see note 27.

20 Other financial assets and liabilities

Other financial assets

	27 March 2021 £'000	28 March 2020 £'000
As at		
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	2,416	5,351
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	1,351	11,351
Total current other financial assets	<u>3,767</u>	<u>16,702</u>
Total other financial assets	<u>3,767</u>	<u>16,702</u>

Financial assets through profit or loss reflect the fair value of those derivatives that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Other financial liabilities

	27 March 2021 £'000	28 March 2020 £'000
As at		
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	5,748	-
Fuel swap contracts	-	1,847
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	10,393	-
Total current other financial liabilities	<u>16,141</u>	<u>1,847</u>
Total other financial liabilities	<u>16,141</u>	<u>1,847</u>

The other financial liabilities through profit or loss reflect the fair value of those foreign exchange forward contracts that are not designated as hedge relationships but are nevertheless intended to reduce the level of risk for expected sales and purchases.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting dates, the Group held the following financial instruments carried at fair value on the balance sheet:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
27 March 2021				
Foreign exchange contracts	(12,374)	-	(12,374)	-
28 March 2020				
Foreign exchange contracts	16,702	-	16,702	-
Fuel swap contract	(1,847)	-	(1,847)	-

The financial instruments 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.

21 Financial liabilities – borrowings

As at	27 March 2021 £'000	28 March 2020 £'000
Current		
Revolving facility bank loan	-	120,000
Acquisition facility	-	82,304
Babou loan facilities	3,298	3,608
Heron loan facilities	3,577	5,150
	<u>6,875</u>	<u>211,062</u>
Non-current		
High yield bond notes	396,860	248,830
Term facility bank loan	296,257	298,916
Babou government backed facilities	21,810	-
Other Babou loan facilities	6,071	7,357
Heron loan facilities	2,738	6,315
	<u>723,736</u>	<u>561,418</u>

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 27 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	<u>4,518</u>

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	4,398
Capitalised fees relating to the high yield bonds	3,654
Total fees capitalised within the debt balances	<u>8,052</u>

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.

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 had an initial maturity of 1 year, which is interest free but attracts a guarantor's fee of 0.5%.

The loan was refinanced in February 2021 such that €25.5m was repaid with the remainder retained in order to cover continuing uncertainty over further measures in relation to the pandemic.

The retained element has a maturity of April 2022, attracts a guarantor's fee of 1.0% with an additional average interest rate margin of 0.2%. The balances are held with a range of banks.

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 Group refinancing decisions taken in the period.

Other loans

The Babou and Heron loan facilities are carried at their gross cash amount. The Babou loan facilities are held with various counterparties and at various margins and maturities, further details are included in the maturity table below.

The maturities of the loan facilities are as follows:

	Interest rate	Maturity	27 March 2021 £'000	28 March 2020 £'000
Revolving facility loan	2.00% + LIBOR	N/A	-	120,000
Term facility bank loan A (old)	2.00% + LIBOR	N/A	-	300,000
Term facility bank loan A (new)	2.00% + LIBOR	Apr-25	300,000	-
High yield bond notes (old)	4.125%	N/A	-	250,000
High yield bond notes (new)	3.625%	Jul-25	400,000	-
Acquisition facility	3.45% (see note)	N/A	-	82,319
Heron loan facilities – Melton	2.25% + LIBOR	Jul-22	3,545	4,352
Heron loan facilities – Offset	2.45% + LIBOR	N/A	-	3,543
Heron loan facilities – Term	2.50% + LIBOR	Dec-21	2,770	3,570
Babou – Government Guaranteed	1.1%-1.34%	Apr-22	21,810	-
Babou – BNP Paribas	0.75%-0.76%	Jul 23–Sep 24	1,312	1,588
Babou – Caisse d'Épargne	0.75%-1.51%	Feb 22-Oct 24	2,470	3,228
Babou – CIC	0.71%-2.18%	Jul 21-Jun 25	1,921	2,652
Babou – Crédit Agricole	0.39-0.81%	Aug 23-Jan 28	1,952	1,334
Babou - Crédit Lyonnais	0.68%-0.74%	Nov 24-Apr 25	939	1,145
Babou - Société Générale	0.63%	Jun-23	777	1,018
			737,496	774,749

The acquisition facility, term loans A and the high yield bond notes have carrying values which include transaction fees allocated on inception.

The acquisition facility interest rate varied over the term. The rate shown in the table was the prevailing rate on the date of the refinancing.

The acquisition facility and all Babou facilities have gross values in euros, and the values above have been translated at the period end rates of €1.1691/£ (2020: €1.1176/£).

The movement in the loan liabilities during the year breaks down as follows:

	27 March 2021 £'000	28 March 2020 £'000
As at		
Borrowings brought forward	772,480	687,213
Cash		
(Payment)/receipt of revolving loan facilities	(120,000)	80,000
Repayment of term facility	(300,000)	-
Repayment of corporate bonds	(250,000)	-
Draw down of new term facility	300,000	-
Issue of new corporate bonds	400,000	-
Repayment of acquisition facility	(82,121)	-
Repayment of Heron loan facilities	(5,150)	(2,030)
Receipt of Babou loan guaranteed by the French government	22,762	-
Repayment/(receipt) of other Babou loan facilities	(1,164)	1,587
Capitalised fees on refinancing	(10,797)	(119)
Non-cash		
Foreign exchange on loan balances	(1,583)	3,752
Refinancing fees directly expensed	2,625	-
Ongoing amortisation of fees capitalised on refinancing	1,666	2,077
One-off fee amortisation on refinancing	1,893	-
Total cash movement in the year	(46,470)	79,438
Total non-cash movement in the year	4,601	5,829
Movement in the year	(41,869)	85,267
Borrowings carried forward	730,611	772,480
Of which current	6,875	211,062
Of which non-current	723,736	561,418

22 Provisions

	Property provisions £'000	Other £'000	Total £'000
At 30 March 2019	1,195	4,965	6,160
Provided in the period	1,503	2,872	4,375
Utilised during the period	(451)	(1,869)	(2,320)
Released during the period	(265)	(1,105)	(1,370)
At 28 March 2020	1,982	4,863	6,845
Provided in the period	8,230	3,398	11,628
Utilised during the period	(1,176)	(2,509)	(3,685)
Released during the period	(114)	(1,556)	(1,670)
At 27 March 2021	8,922	4,196	13,118
Current liabilities 2021	4,411	4,196	8,607
Non-current liabilities 2021	4,511	-	4,511
Current liabilities 2020	1,216	4,863	6,079
Non-current liabilities 2020	766	-	766

The property provision relates to the expected future costs on specific leasehold properties. This is inclusive of onerous leases and dilapidations on these properties. The timing in relation to utilisation is dependent upon the individual lease terms.

The other provisions principally relate to disputes concerning insured liability claims. A prudent amount has been set aside for each claim as per legal advice received by the Group. These claims are individually non-significant and average £10.9k per claim (£10.7k in 2020).

23 Share capital

Allotted, called up and fully paid	Shares	£'000
<i>B&M European Value Retail S.A. ordinary shares of 10p each</i>		
As at 30 March 2019	1,000,561,222	100,056
Release of shares related to employee share options	21,676	2
As at 28 March 2020	1,000,582,898	100,058
Release of shares related to employee share options	236,790	24
As at 27 March 2021	1,000,819,688	100,082

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 issue up to an additional 2,971,402,534 ordinary shares.

24 Cash generated from operations

Period ended	52 weeks ended 27 March 2021 £'000	Restated* 52 weeks ended 28 March 2020 £'000
Net profit	428,104	80,855
Tax charge on continuing operations	97,335	57,246
Tax charge on discontinued operations (note 6)	-	1,721
Profit before tax	525,439	139,822
Adjustments for:		
Net interest expense	89,770	88,588
Depreciation on property, plant and equipment	57,157	54,255
Depreciation on right of use assets	155,519	156,798
Impairment of right of use assets	5,142	6,838
Amortisation of intangible assets	2,571	2,568
Loss/(gain) on sale and leaseback	142	(16,928)
Loss/(profit) on disposal of property, plant and equipment	571	(163)
Loss on share options	1,937	1,422
Change in inventories	(20,350)	29,348
Change in trade and other receivables	8,985	693
Change in trade and other payables	105,898	77,076
Change in provisions	6,287	686
Share of profit from associates	(1,795)	(879)
Loss resulting from fair value of financial derivatives	6,775	(641)
Cash generated from operations	944,048	539,483

* This statement has been restated in respect of reclassifying a non-cash movement (see note 1).

The prior year cash flows above include the discontinued operations. The amortisation and depreciation figures have been reconciled in notes 13, 14 and 15. The interest expense reconciles as follows:

As at	27 March 2021 £'000	28 March 2020 £'000
Net interest charge in continuing operations	89,770	81,668
Net interest charge in discontinued operations	-	6,920
Net interest charge	89,770	88,588

25 Group information and ultimate parent undertaking

The financial results of the Group include the following entities.

Company name	Country	Date of incorporation	Percent held within the Group	Principal activity
B&M European Value Retail S.A.	Luxembourg	May 2014	Parent	Holding company
B&M European Value Retail 1 S.à r.l.	Luxembourg	November 2012	100%	Holding company
B&M European Value Retail Holdco 1 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 2 Ltd	UK	December 2012	100%	Holding company
B&M European Value Retail Holdco 3 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail Holdco 4 Ltd	UK	November 2012	100%	Holding company
B&M European Value Retail 2 S.à r.l.	Luxembourg	September 2012	100%	Holding company
EV Retail Limited	UK	September 1996	100%	Holding company
B&M Retail Limited	UK	March 1978	100%	General retail
Opus Homewares Limited	UK	April 2003	100%	Dormant
Retail Industry Apprenticeships Ltd	UK	June 2017	100%	Employment services
Heron Food Group Ltd	UK	August 2002	100%	Holding company
Heron Foods Ltd	UK	October 1978	100%	Convenience retail
Cooltrader Ltd	UK	September 2012	100%	Dormant
Heron Properties (Hull) Ltd	UK	February 2003	100%	Dormant
B&M European Value Retail Germany GmbH	Germany	November 2013	100%	Ex-holding company
SAS Babou	France	November 1977	100%	General retail
Babou Relationship Partners – BRP SAS	France	December 2012	100%	Administrative services

Registered Offices

- The Luxembourg entities are all registered at 68-70 boulevard de la Pétrusse, L-2320 Luxembourg since 31 May 2021, previously these entities were registered at 9 allée Scheffer, L-2520, Luxembourg.
- The UK entities are all registered at The Vault, Dakota Drive, Estuary Commerce Park, Speke, Liverpool, L24 8RJ.
- B&M European Value Retail Germany GmbH is registered at Am Hornberg 6, 29614, Soltau.
- SAS Babou are registered at 8 rue du Bois Joli, 63800 Cournon d’Auvergne.
- BRP SAS are registered at 7 rue Biscornet, 75012 Paris.

Associates

The Group has a 50% interest in Multi-lines International Company Limited, a company incorporated in Hong Kong, and a 22.5% interest in Centz Retail Holdings Limited, a company incorporated in the Republic of Ireland. The share of profit/loss from the associates is included in the statement of comprehensive income, see note 12.

The Group previously held a 20% interest in Home Focus Group Limited, a company incorporated in the Republic of Ireland. This interest was disposed of in full in December 2020 for €350k.

Changes during the prior year

The Group disposed of the trading entities within the German retailing group, J.A.Woll Handels GmbH and Jawoll Vertriebs GmbH I, see note 6 for further details.

The entity Bedford DC Investment Limited was disposed in relation to the sale and leaseback carried out on the Bedford warehouse, see note 15.

The French entities have restructured such that the former French holding company Paminvest SAS has been directly incorporated into the main training entity, SAS Babou, resulting in the disposal of the former.

Ultimate parent undertaking

The directors of the Group consider the parent and the ultimate controlling related party of this Group to be B&M European Value Retail SA, registered in Luxembourg.

26 Financial risk management

The Group uses various financial instruments, including bank loans, related party loans, finance company loans, cash, equity investment, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group is able to pass on pricing changes to its customers.

Despite the impact of price risk not being considered material, the Group has engaged in swap contracts over the cost of fuel in order to minimise the impact of any volatility. None of these contracts were outstanding at the year end date.

The sensitivity to these contracts for a reasonable change in the year end fuel price is as follows:

As at	Change in fuel price	27 March 2021 £'000	28 March 2020 £'000
Effect on profit before tax	+5%	-	154
	-5%	-	(154)

This has been calculated by taking the spot price of fuel at the year end, applying the change indicated in the table, and projecting this over the life of the contract assuming all other variables remain equal.

The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled 'interest rate risk' below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising from exchange rate fluctuation on its purchases from overseas suppliers.

In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days and are of a relatively modest nature. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts.

All of the Group's sales are to customers in the UK and France and there is no currency exposure in this respect. A proportion of the Group's purchases are priced in US Dollars and the Group generally uses forward currency contracts to minimise the risk associated with that exposure.

Approach to hedge accounting

As part of the Group's response to currency risk the currency forwards taken out are intended to prudently cover the majority of our stock purchases forecast for that period. However, the Group only hedge accounts for the part of the forward that we are reasonably certain will be spent in the forecast period, allowing for potential volatility. Therefore management always consider the likely volatility for a period and assign a percentage to each tranche of forwards purchased, usually in the range 50-80%, and never more than 80%.

Effectiveness of the hedged forward is then assessed against the Group hedge ratio, which has been set by management at 80% as a reasonable guide to the certainty level we expect the hedged portions of our forwards to at least achieve. If they fail, or are expected to fail, to meet this ratio of effectiveness then they are treated as non-hedged items, and immediately expensed through Profit and Loss.

Ineffectiveness can be caused by exceptional volatility in the market, by the timing of product availability, or the desire to manage short term company cash flows, for instance, when a large amount of cash is required at relatively short notice.

If the Group did not hedge account then the difference is that the gain or loss in other comprehensive income would be presented in profit or loss and the assets and liabilities presented under the classification fair value through other comprehensive income would be at fair value through profit or loss.

The difference to profit before tax if none of our forwards had been hedge accounted during the year would have been a loss of £22.2m (2020: £12.4m gain) and a pre-tax gain in other comprehensive income of £20.4m (2020: £8.7m loss).

The net effective hedging loss transferred to the cost of inventories in the year was £4.7m (2020: net gain of £16.1m). At the year end the amount of outstanding US Dollar contracts covered by hedge accounting was \$474m (2020: \$334m).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in US Dollar period end exchange rates with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income (net of tax) is largely due to changes in the fair value of our foreign exchange derivatives and revaluation of creditors and deposits held on account with our US Dollar suppliers.

As at	Change in USD rate	27 March 2021 £'000	28 March 2020 £'000
Effect on profit before tax	+2.5%	(5,261)	(3,791)
	-2.5%	5,531	3,823
Effect on other comprehensive income	+2.5%	(8,471)	(6,595)
	-2.5%	8,905	6,934

The following table demonstrates the sensitivity (net of tax) to a reasonably possible change in the Euro period end exchange rates with all other variables held constant. The effect on other comprehensive income is due to the foreign exchange reserve on retranslation of the Group's subsidiaries that have the Euro as a functional currency.

As at	Change in Euro rate	27 March 2021 £'000	28 March 2020 £'000
Effect on profit before tax	+2.5%	131	1,008
	-2.5%	42	(979)
Effect on other comprehensive income	+2.5%	490	330
	-2.5%	(514)	(346)

These calculations have been performed by taking the year end translation rate used on the accounts and applying the change noted above. The balance sheet valuations are then directly calculated. The valuation of the foreign exchange derivatives are projected based upon the spot rate changing and all other variables being held equal.

Interest rate risk

Interest rate risk is the risk of variability of the Group cash flows due to changes in the interest rate. The Group is exposed to changes in interest rates as the Group's bank borrowings are subject to a floating rate based on LIBOR.

The Group's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's exposure to interest rate fluctuations is not considered to be material, however the Group has in the past used interest rate swaps to minimise the impact.

If LIBOR interest rates had been 50 basis points higher/lower throughout the year with all other variables held constant, the effect upon calculated pre-tax profit for the year would have been:

As at	Basis point increase / decrease	27 March 2021 £'000	28 March 2020 £'000
Effect on profit before tax	+50	(1,270)	(1,737)
	-50	1,270	1,737

This sensitivity has been calculated by changing the interest rate for each interest payment and accrual made by the Group over the period, by the amount specified in the table above, and then calculating the difference that would have been required.

The Group also has a very limited exposure to EURIBOR via the loans held by Babou, see note 21, however this is considered immaterial for disclosure.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash, derivatives and trade receivables. The credit risks associated with cash and derivatives are limited as the main counterparties are banks with high credit ratings (A long term and A-1 short term (Standard & Poor) or better, (2020: A, A-1 (or better) respectively). The principal credit risk arises therefore from the Group's trade receivables.

Credit risk is further limited by the fact that the vast majority of sales transactions are made through the store registers, direct from the customer at the point of purchase, leading to a low trade receivables balance.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Liquidity risk

Any impact on available cash and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short term flexibility is achieved via the Group's rolling credit facility. The following table shows the liquidity risk maturity of financial liabilities grouping based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000
27 March 2021					
Interest bearing loans	28,044	48,267	753,413	226	829,950
Lease liabilities	213,152	205,262	519,517	672,844	1,610,775
Trade payables	352,707	-	-	-	352,707
28 March 2020					
Interest bearing loans	231,801	571,525	6,958	-	810,284
Lease liabilities	197,842	203,272	513,295	712,227	1,626,636
Trade payables	326,578	-	-	-	326,578

Fair value

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. These all represent financial assets and liabilities measured at amortised cost except where stated as measured at fair value through the profit and loss or fair value through other comprehensive income.

As at	27 March	28 March
	2021	2020
	£'000	£'000
Financial assets		
Fair value through profit and loss		
Forward foreign exchange contracts	2,416	5,351
Fair value through other comprehensive income		
Forward foreign exchange contracts	1,351	11,351
Loans and receivables		
Cash and cash equivalents	217,682	428,205
Trade receivables	13,298	13,566
Other receivables	6,376	24,918
	<hr/>	<hr/>
	27 March	28 March
	2021	2020
	£'000	£'000
Financial liabilities		
Fair value through profit and loss		
Forward foreign exchange contracts	5,748	-
Fuel price swap	-	1,847
Fair value through other comprehensive income		
Forward foreign exchange contracts	10,393	-
Amortised cost		
Overdraft	-	928
Lease liabilities	1,301,369	1,295,244
Interest-bearing loans and borrowings	730,611	772,480
Trade payables	352,707	326,578
Other payables	5,925	4,201
	<hr/>	<hr/>

27 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 or were associates of the Group.

Ropley Properties Ltd, Triple Jersey Ltd, TJJ UK Ltd, Rani Investments, Fulland Investments Limited, Golden Honest International Investments Limited, Hammond Investments Limited, Joint Sino Investments Limited, Ocean Sense Investments Limited and Multi Lines International (Properties) Ltd, all landlords of properties occupied by the Group, and Rani 1 Holdings Limited, Rani 2 Holdings Limited

and SSA Investments, bondholders and 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 Corporate Bonds issued by the Group by purchasing £100m of these 3.625% bonds with a five year maturity. In December 2020 and February 2021, the bonds were transferred to Rani 2 Holdings Limited (£50m) and Rani 1 Holdings Limited (£50m), respectively.

£2,588k of interest expense has been incurred on these bonds in the period, with £755k accrued at the year end. Further details on these bonds and the refinancing are given in note 21.

The following table sets out the total amount of trading transactions with related parties included in the statement of comprehensive income, including the P&L impact of any leases:

	27 March	28 March
	2021	2020
	£'000	£'000
Period ended		
Sales to associates of the Group		
Centz Retail Holdings Limited	44,938	25,327
Home Focus Group Limited	1,050	1,944
Total sales to related parties	45,988	27,271
	27 March	28 March
	2021	2020
	£'000	£'000
Period ended		
Purchases from associates of the Group		
Multi-lines International Company Ltd	230,472	180,721
Purchases from parties related to key management personnel		
Fulland Investments Limited	107	-
Golden Honest International Investments Limited	44	-
Hammond Investments Limited	102	-
Joint Sino Investments Limited	102	-
Multi-Lines International (Properties) Ltd	364	479
Ocean Sense Investments Limited	107	-
SSA Investments	150	97
Total purchases from related parties	231,448	181,297

The IFRS 16 Lease figures in relation to these 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 27 March 2021						
Rani Investments	86	61	147	610	(742)	(132)
Ropley Properties	1,635	903	2,538	9,714	(13,219)	(3,505)
TJL UK Limited	870	485	1,355	12,243	(13,975)	(1,732)
Triple Jersey Limited	8,823	4,026	12,849	63,909	(77,573)	(13,664)
	11,414	5,475	16,889	86,476	(105,509)	(19,033)
	Depreciation charge £'000	Interest charge £'000	Total charge £'000	Right of use asset £'000	Lease liability £'000	Net liability £'000
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)

Included in the current year figures above are two new leases entered into by Group companies during the current period with the Arora related parties (2020: two new and no renewals). The total expense on these

leases in the period was £404k (2020: £680k). There were no conditionally exchanged leases with Arora related parties in the current period with a long stop completion date (2020: none).

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

	27 March 2021 £'000	28 March 2020 £'000
As at		
Trade receivables from associates of the Group		
Centz Retail Holdings Ltd	7,564	5,687
Home Focus Group Ltd	-	85
Total related party trade receivables	7,564	5,772
	27 March 2021 £'000	28 March 2020 £'000
As at		
Trade payables to associates of the Group		
Multi-lines International Company Ltd	7,439	9,588
Trade payables to companies owned by key management personnel		
Rani Investments	-	26
Ropley Properties Ltd	371	380
Triple Jersey Ltd	1,066	1,438
Total related party trade payables	8,876	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 at 27 March 2021 (2020: no impairment). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

The future lease commitments on the Arora related party properties are:

	27 March 2021 £'000	28 March 2020 £'000
As at		
Not later than one year	16,444	16,496
Later than one year and not later than two years	15,796	16,604
Later than two years and not later than five years	39,730	42,280
Later than five years	59,264	66,743
	131,234	142,123

See note 12 for further information on the Group's associates.

For further details on the transactions with key management personnel, see note 8 and the remuneration report.

28 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current or prior period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group uses the following definition of net debt:

External interest bearing loans and borrowings less cash and short-term deposits.

The interest bearing loans figure used is the gross amount of cash borrowed at that time, as opposed to the carrying value under the amortised cost method.

As at	27 March 2021 £'000	28 March 2020 £'000
Interest bearing loans and borrowings (note 21)	737,496	774,749
Less: Cash and short term deposits - overdrafts (note 18)	(217,682)	(427,277)
Net debt	519,814	347,472

29 Post balance sheet events

France imposed a new national lockdown on 3 April 2021, following a period of regional lockdowns. This has had a significant impact on our French store estate, with stores either closed or restricted as to which items they are permitted to sell. Whilst the impact on local sales is significant, the announcement was expected and the business was well prepared, maintaining healthy cash and stock positions with no additional funding required since year end.

The lockdown was lifted on 19 May 2021, and trading has been positive since this date.

The remainder of the business, representing more than 90% of our stores, is based in the UK and was unaffected by the lockdown. The overall impact to Group profit is therefore immaterial.

30 Dividends

Special dividends of 20.0 pence per share (£200.1m), 25.0 pence per share (£250.2m) and 15.0 pence per share (£150.1m) were declared in January 2021, November 2020 and March 2020 respectively. All were paid in the current year.

An interim dividend of 4.3 pence per share (£43.0m) was declared in November 2020 and has been paid.

A final dividend of 13.0 pence per share (£130.1m), giving a full year dividend of 17.3 pence per share (£173.1m), is proposed.

Relating to the prior year;

An interim dividend of 2.7 pence per share (£27.0m) was paid in December 2019 and a final dividend of 5.4 pence per share (£54.0m), giving a full year dividend of 8.1 pence per share (£81.0m), was paid in September 2020.

31 Contingent liabilities and guarantees

As at 28 March 2020 and 27 March 2021, B&M European Value Retail S.A., B&M European Value Retail 1 S.à r.l., B&M European Value Retail 2 S.à r.l., B&M European Value Retail Holdco 1 Ltd, B&M European Value Retail Holdco 2 Ltd, B&M European Value Retail Holdco 3 Ltd, B&M European Value Retail Holdco 4 Ltd, EV Retail Ltd and B&M Retail Ltd are all guarantors to both the loan and notes agreements which are formally held within B&M European Value Retail SA. The amounts outstanding as at the period end were £300m for the loans (2020: £502m), with the balance held in B&M European

Value Retail Holdco 4 Ltd, and £400m (2020: £250m) for the notes, with the balance held in B&M European Value Retail S.A.

As at 28 March 2020 and 27 March 2021, Heron Food Group Limited and Heron Foods Ltd are guarantors to the loans which are formally held within Heron Foods Ltd. The amount outstanding at the year end was £6m (2020: £11m) with the balance held in Heron Foods Ltd.

33 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
S Arora (CEO)
A Russo (CFO) (appointed on 16 November 2020)
R McMillan
T Hall
C Bradley
G Petit
P McDonald (CFO) (retired 15 November 2020)

All directors served for the whole period except where indicated above.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law and have prepared the Company financial statements in accordance with Luxembourg legal and regulatory requirements regarding the preparation of annual accounts ("Lux GAAP"). In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present the financial statements and policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operation, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial

position of the parent Company and enable them to ensure that its financial statements comply with company law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The financial statements are published on the Company's website.

Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the consolidated financial statements of B&M European Value Retail S.A. ("Company") presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and profits of the Company and the undertakings included within the consolidation taken as a whole;
- the annual accounts of the Company presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and profits of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

We consider this Annual Report (including the financial statements), taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Approved by order of the Board.

Simon Arora
Chief Executive Officer

Alex Russo
Chief Financial Officer
2 June 2021