11 November 2021

**B&M European Value Retail S.A.**

**FY22 Interim Results Announcement**

***Strong sales and profit growth versus pre-pandemic levels***

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its interim results for the 26 weeks to 25 September 2021.

## HIGHLIGHTS

- Group revenues increased by +1.2% on prior year to £2,268.0m (+1.4% constant currency[1]) or +26.8% on a two-year basis versus H1 FY20

- B&M UK fascia[2] revenue up +1.3% on prior year, with like-for-like[3] ("LFL") revenues decreasing by (5.0)%

    - On a two-year basis vs H1 FY20, LFL revenues were +16.8% as sales densities remained significantly higher than pre-pandemic levels

- Gross margin in the B&M UK business was particularly strong, driven by a change in the sales mix towards General Merchandise and high sell-through across Spring/Summer seasonal ranges leading to limited markdown activity

- Group adjusted EBITDA[4] of £282.2m on a pre-IFRS16 basis versus £295.6m[5] in the prior year, or £255.7m in the prior year on a comparable basis when reflecting the voluntary charge relating to business rates subsequently made in H2 FY21

    - On a two-year basis versus H1 FY20, Group adjusted EBITDA[4] increased +86.4% due to higher sales densities and a favourable sales mix

- Group statutory profit before tax (post-IFRS16) increased +2.4% to £241.4m (H1 FY21: £235.6m[5]) and Group adjusted profit before tax[4] (pre-IFRS16) decreased by (6.2)% to £238.0m (H1 FY21: £253.6m[5])

- Statutory diluted earnings per share of 19.0p (H1 FY21: 18.7p) and adjusted diluted earnings per share[4] of 18.7p (H1 FY21: 20.1p)

- 14 gross new B&M UK store openings and 9 store closures in H1 FY22

- More challenging trading conditions in Heron Foods as average transaction values for grocery shopping normalise to pre-pandemic levels, but satisfactory earnings through careful cost control and cash discipline

- Strong strategic and financial progress in France, with 100 out of 104 stores trading as B&M and adjusted EBITDA[4] of £11.4m (H1 FY21: £2.7m)

- Group cash generated from operations was £201.7m (H1 FY21: £403.2), reflecting a strong EBITDA performance and the impact of an earlier build of inventory compared to the prior period

- Ordinary half year dividend[6] increased by 16.3% to 5.0p per share (H1 FY21: 4.3p), to be paid on 17 December 2021

- Good stock availability heading into peak trading having deliberately taken delivery of imported General Merchandise earlier than normal, with supply chains across the Group remaining robust

- Ongoing evaluation of current leverage and cash position, in line with our capital allocation framework

**Simon Arora, Chief Executive, said,**

*"The Group has performed strongly throughout the first half of our financial year, with customers continuing to be drawn to our value for money offer .*

*We have responded decisively to supply chain challenges by leveraging our strong supplier relationships and we have improved in-store execution. As a consequence, we are fully stocked heading into the Golden Quarter, with stores already showcasing our excellent Christmas ranges. To colleagues across the Group, I express my gratitude for their dedication, skill and commitment, which have made these results possible.*

*Although the pathway to a 'new normal' remains uncertain and the industry faces a number of supply and inflationary pressures as we enter the second half of the financial year, we are very confident that the B&M Group is well positioned to navigate these and will continue to be successful both in the UK and in France."*

**Financial Results (unaudited)**

| | H1 FY22 | H1 FY21 | Change |
|---|---|---|---|
| Number of stores | | | |
| Group | 1,097 | 1,059 | +3.6% |
| B&M UK | 686 | 657 | +4.4% |
| Heron Foods | 307 | 299 | +2.7% |
| France | 104 | 103 | +1.0% |
| Total Group revenues | £2,268.0m | £2,242.1m | +1.2% |
| B&M UK | £1,909.5m | £1,885.4m | +1.3% |
| Heron Foods | £203.1m | £216.2m | (6.1)% |
| France | £155.4m | £140.6m | +10.6% |
| Total Group revenues at constant currency[1] | - | - | +1.4% |
| Group adjusted EBITDA[4] | £282.2m | £295.6m[5] | (4.6)% |
| B&M UK | £257.4m | £274.7m | (6.3)% |
| Heron Foods | £13.4m | £18.3m | (26.7)% |
| France | £11.4m | £2.7m | +324.9% |
| Group adjusted EBITDA[4] margin % | 12.4% | 13.2% | (75) bps |
| Group adjusted profit before tax[4] | £238.0m | £253.6m | (6.2)% |

| | | | |
|---|---|---|---|
| Group statutory profit before tax | £241.4m | £235.6m | +2.4% |
| Adjusted diluted EPS[4] | 18.7p | 20.1p | (7.2)% |
| Statutory diluted EPS | 19.0p | 18.7p | +1.7% |
| Ordinary dividends[6] | 5.0p | 4.3p | +16.3% |

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 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.

3. One-year like-for-like revenues relate to the B&M UK estate only (excluding wholesale revenues) and include 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 FY21. This 14 month approach has been adopted as it excludes the two month halo period which new stores experience following opening. Two-year like-for-like revenues also relate to the B&M UK estate only, and includes each store's revenue for that part of the current period that falls at least 26 months after it opened compared with its revenue for the corresponding part of FY20.

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 4. Adjusted figures exclude the impact of IFRS16.

5. In the prior year, H1 FY21 Group adjusted EBITDA of £295.6m did not include a charge relating to business rates amounting to approximately £40m. Subsequent to the H1 FY21 reporting period, the Group announced it would forgo the UK Government business rates relief, with this amount being charged in H2 FY21. Further details can be found in note 3.

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

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

8. Net debt was £654.6m at the period end. This reflects £746.9m of gross debt netted against £92.3m of cash.

## Analyst & Investor webcast & conference call

**An Analyst & Investor only webcast and conference call in relation to these FY22 Interim Results will be held today at 9.45am (UK).**

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

**UK & International: +44 330 336 9128**

**US: +1 929 477 0402**

**Confirmation code: 5209689**

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

**Enquiries**

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**Notes to editors**
B&M European Value Retail S.A. is a variety retailer with 686 stores in the UK operating under the "B&M" brand, 307 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 25 September 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

## OVERVIEW OF FY22 INTERIM RESULTS

The Group performed strongly throughout the first half of the financial year, executing its plans well and navigating a number of widely reported supply chain challenges impacting the retail industry. In the core B&M UK business, the two-year like-for-like sales performance suggests that many of the new customers acquired during FY21 have been retained. Gross margin performance was particularly strong due to a favourable sales mix and limited end-of-season markdown activity across General Merchandise categories, whilst performance in Grocery was also pleasing.

The Heron Foods business had a more challenging period, as average basket spend normalised versus the 'stockpiling' seen at the start of the pandemic last year. Despite ongoing volatility in trading patterns, performance has been satisfactory and should improve over H2 FY22 as footfall gradually recovers.

In France, the strong momentum from FY21 has continued and it has been another six months of good progress against the strategic and financial objectives for this year.

### Financial performance

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

Group revenues for the 26 weeks ended 25 September 2021 grew by +1.2% to £2,268.0m and by +1.4% on a constant currency basis[1]. On a two-year basis versus H1 FY20, Group revenues were +26.8% higher.

B&M UK

In the B&M UK fascia[2] business, revenues grew by +1.3% to £1,909.5m (H1 FY21: £1,885.4m). On a one-year basis, like-for-like[3] ("LFL") sales decreased (5.0)%, which was relatively consistent across H1 with Q1 (4.4)% and Q2 (5.6)% despite the weekly volatility of the prior year comparatives. Two-year LFL sales in H1 were +16.8%, representing a significant increase in pre-pandemic store sales densities.

In addition to strong LFL performance versus H1 FY20, the new store opening programme also contributed to revenue growth, with the annualisation of 43 gross new stores opened last year plus 14 gross new openings in H1 FY22. The performance of recent openings continues to be very strong, with both the FY21 and H1 FY22 cohorts of new stores delivering a higher store contribution margin than the company average. New stores do not require a maturity period to achieve profitability, due to the disruptive nature of the retail offer and a capital light model, making the new store payback economics highly attractive.

B&M UK revenues also included £24.0m of wholesale revenues (H1 FY21: £20.4m), the majority of which represented sales made to the associate Centz Retail Holdings Limited, a chain of 38 variety goods stores in the Republic of Ireland.

Gross margins improved 153 bps year-on-year to 37.3% (H1 FY21: 35.8%), which was above initial expectations at the start of the year. The performance of higher margin General Merchandise and Seasonal categories was particularly strong, with high sell-through rates leading to limited end of season markdowns. Although there were favourable tailwinds in terms of consumer demand once again in H1 FY22, the improved execution of categories such as Homewares and Gardening has supported the sales mix shift seen in the B&M UK business since the start of FY21.

Operating costs, excluding depreciation and amortisation, increased by 13.8% to £454.8m (H1 FY21: £399.7m), representing 23.8% of revenues. On a comparable basis versus H1 FY20, when operating costs were 24.6% of revenues, this is an improvement of 76 bps. In H1 FY21, the B&M UK business initially recognised the benefit of UK Government business rates relief, amounting to c.£37m of operating costs not included in the prior year figure above. In December 2020 the business decided to forgo this relief, meaning a full year business rates charge was incurred in H2 FY21.

Transport and distribution costs, store colleague costs and rent were all managed effectively as a percentage of revenues despite the slightly negative LFL sales performance, as the business worked hard to retain much of the operating leverage delivered in the prior year. The business has a long-standing shipping partner for goods sourced out of Asia, with freight rates fixed at contracted rates and service levels and availability remaining strong throughout H1.

Adjusted EBITDA[4] decreased by (6.3)% to £257.4m (H1 FY21: £274.7m), with adjusted EBITDA[4] margin decreasing by (109) bps to 13.5% (H1 FY21: 14.6%). When compared to H1 FY20, adjusted EBITDA[4] has increased 87.4% with a margin expansion of 405 bps over that two-year period, driven by higher sales densities, a sales mix shift towards General Merchandise and unusually limited markdown activity versus pre-pandemic levels as noted above.

<u>Heron Foods</u>

The discount convenience chain, Heron Foods[2], generated revenues of £203.1m (H1 FY21: £216.2m). This performance was satisfactory given the elevated comparatives from H1 FY21 and average transaction values normalising.

Adjusted EBITDA[4] decreased by (26.7)% to £13.4m (H1 FY21: £18.3m) with an adjusted EBITDA[4] margin of 6.6%, down (186) bps year-on-year (H1 FY21: 8.5%). On a two-year basis versus H1 FY20, the adjusted EBITDA[4] margin has remained stable, actually improving slightly by 6 bps.

<u>France</u>

In France, revenues increased by 10.6% to £155.4m (H1 FY21: £140.6m). This represented a strong performance given there were 6 weeks of 'soft lockdown' restrictions in force at the start of the financial year. These restrictions were lifted in full on 19 May 2021, with encouraging LFL revenue growth since then.

Gross margin increased by 390 bps to 45.8% (H1 FY21: 41.9%), driven by a strong performance of General Merchandise categories such as Homewares and Seasonal, alongside the ongoing reduction in Clothing and Footwear sales.

Adjusted EBITDA[4] increased significantly to £11.4m (H1 FY21: £2.7m), representing an adjusted EBITDA[4] margin of 7.3%.

At the end of H1 FY22 the French estate consisted of 104 stores in total, of which 100 were under the B&M banner. The performance of the re-branded locations continues to be encouraging, and the local team remain focused on maintaining recent momentum in H2 FY22, subject to any potential Covid-19 restrictions which may be re-introduced.

<u>Group</u>

Group adjusted EBITDA[4] decreased (4.6)% to £282.2m (H1 FY21: £295.6m[5]), representing an adjusted EBITDA[4] margin of 12.4% (H1 FY21: 13.2%), a reduction of just (75) bps year-on-year despite the prior period not having UK business rates charges. When compared to pre-pandemic levels of H1 FY20, Group adjusted EBITDA[4] has increased 86.4% with a margin expansion of 398 bps over that two-year period.

Depreciation and amortisation expenses, excluding the impact of IFRS16, grew by 6.7% to £32.1m (H1 FY21: £30.1m). This was due to continued investment in new stores across all fascias, with 38 more stores year-on-year across the Group at the end of H1.

In relation to finance costs, excluding IFRS16, the adjusted net interest charge increased slightly to £12.0m (H1 FY21: £11.9m). The IFRS16 lease interest charge for the period was £29.9m (H1 FY21: £30.6m).

The Group's adjusted profit before tax[4] decreased by (6.2)% to £238.0m (H1 FY21: £253.6m), whilst statutory profit before tax increased by 2.4% to £241.4m (H1 FY21: £235.6m). The impact of IFRS16 on the Group interim financial statements was to decrease profit before tax by £6.6m.

Capital expenditure, cashflow and leverage

Group net capital expenditure[7], excluding IFRS16 right-of-use asset additions, was £43.0m (H1 FY21: £31.5m). This included £12.2m spent on 23 new stores opened in the first half across the Group (H1 FY21: £14.2m on 20 stores), £18.4m on maintenance works to ensure that our existing store estate and warehouses are appropriately invested (H1 FY21: £9.0m), and a total of £12.4m on infrastructure projects and 3 opportunistic freehold acquisitions to support the continued growth of the business (H1 FY21: £8.3m).

Cash generated from operations was £201.7m (H1 FY21: £403.2), reflecting a strong EBITDA performance and the impact on working capital of an earlier build of inventory compared to the prior period.

The Group remains comfortably within its stated leverage ceiling of 2.25x, with a net debt[8] to last-twelve-months adjusted EBITDA[4] ratio of 1.1x at the end of H1 FY22 (H1 FY21: 0.7x), calculated on a pre-IFRS16 basis. The current leverage and cash position continues to be evaluated in line with the Group's capital allocation framework.

Dividend

An Ordinary interim dividend of 5.0p[6] per Ordinary Share will be paid on 17 December 2021 to shareholders on the register at 19 November 2021. The ex-dividend date will be 18 November 2021. The dividend payment will be subject to a deduction of Luxembourg withholding tax of 15%.

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

**Strategic performance**

Whilst the macroeconomic backdrop has continued to be uncertain, with a number of well-documented challenges being experienced by the sector, the Group has remained focused on delivering its strategic priorities. In this regard, H1 FY22 has been another period of strong execution and pleasing progress across all four strategic pillars as outlined below.

*1. Delivering great value to our customers*

B&M is all about providing consistently great value on the things customers buy regularly for their homes and families. Only the best sellers are stocked in any category, so there is always something that shoppers will want or need that can be bought quickly, cheaply and conveniently in store.

Alongside great value, B&M also offers constant newness with typically 100 new lines added each week, predominantly across General Merchandise categories. This remains a crucial part of the appeal of B&M, as customers often make impulse purchases in store regardless of their initial reason for visiting. The combination of "Big Brands, Big Savings" alongside increasingly popular own-branded General Merchandise ranges, such as Homewares and Seasonal, makes for a compelling customer proposition.

Last year, B&M saw a number of new customers discover the brand. In particular, the socio-economic profile of these customers included large numbers of middle-income households, suggesting the appeal of value retailing was broadening to encompass slightly more affluent consumers who may not *need* a bargain, but certainly *enjoy* a bargain.

The strong two-year LFL sales performance of +16.8% in H1 FY22, which was broad based across a number of product categories, would suggest that many of those new shoppers from FY21 are continuing to shop with B&M.

Spring/Summer seasonal ranges were particularly successful this year. At the very start of the financial year, a combination of favourable Spring weather and Covid-related restrictions led to early demand for Gardening products. Demand remained strong through the Summer months even after the lifting of restrictions, such that the sell-through of General Merchandise ranges was high. End of season markdown activity was therefore limited and further contributed to a gross margin out-performance for the first half as a whole.

These factors create an exciting opportunity for B&M to hold on to market share gains over the past two years, and take further steps to cement its position as a destination store for value for money General Merchandise.

*2. Investing in new stores*

The Group remains committed to investing in new stores across all its geographies and fascias.

In the core B&M UK business, 14 gross new stores were opened across the UK. The business continues to be selective in its store estate, regarding quality as important as quantity.

There were 9 closures in H1 FY22, of which 2 were relocations, meaning that there was a net increase of 5 stores overall. The closed stores were typically opened over a decade ago and were in catchments where a larger, more modern store had been opened in a prior financial year and which is delivering materially superior returns.

Looking ahead to H2 FY22, the new store pipeline remains healthy. There is a risk, however, that up to 5 stores included in the original expectation of 45 gross new stores for FY22 may now fall into early FY23, due to the current moratorium on tenant evictions until 25 March 2022. Longer term, the business still has a long runway of growth from the current base of 686 B&M fascia stores to the stated UK store target of 950 stores. Moreover, given the sustained increase in sales densities in existing stores versus pre-pandemic levels, this rollout target appears conservative.

Heron Foods opened 8 gross new stores and closed 7 stores in H1 FY22, bringing the total to 307. These closures included 3 stores that had been unprofitable since opening, and 4 relocations where there was an opportunity to move to a more attractive site within the same local catchment area.

Heron Foods remains on track to achieve 15 gross new stores in the financial year as a whole. The pace of rollout in Heron Foods will always be slower than that of the core B&M UK fascia due to the geographical clustering of locations required to support convenience food retailing. Notwithstanding those constraints, the Heron Foods store estate has the potential to be multiple times larger than its current size over the longer term, and the Group is committed to carefully expanding its UK footprint.

In France, the operational priority has been very much on converting the existing Babou portfolio, rather than pursuing a rollout of new stores. In that regard, a further 45 stores were re-branded during H1 FY22 such that at the end of the period only 4 out of the total of 104 stores in France remained under the “Babou” brand.

*3. Developing the international business*

In France, H1 FY22 has been another period of pleasing operational execution by the local team. For the first 6 weeks of the financial year, the business operated under lockdown restrictions imposed by the French Government during which only essential goods could be sold. Despite this, France has delivered strong sales growth, a step-up in adjusted EBITDA[4] quantum and margin, and significant progress against its strategic priorities.

The evolution of the product offer towards that of B&M is now well advanced. As planned, Clothing & Footwear ranges were reduced further and represented only c.14% of the sales mix in H1 FY22. Much like in the UK, the performance of General Merchandise categories such as Homewares was very strong, such that the business was awarded “Best Store for Home Decoration & Gifts” in the annual “Best Store Chain in France” survey of 655,000 shoppers and despite the B&M brand being new in the market. Synergies from working alongside the UK buying teams and leveraging the B&M supply chain are now well embedded.

The product range changes have complemented the successful programme of re-brands, as noted above. When re-branding the store fascia, the internal layout has also been made more akin to that of a B&M store in the UK, facilitating an improved customer experience and better store standards. The remaining 4 stores branded “Babou” will all be converted before the end of the calendar year.

With strong foundations now in place, the upcoming Golden Quarter takes on particular importance for the French team. Notwithstanding the potential for Covid-related restrictions to return, the Group is optimistic that recent momentum will be sustained and another strong performance will be delivered in the second half.

Performance in H1 FY22 has reaffirmed the Groups conviction that its aspirations for the French business are achievable. This includes delivering a 7% adjusted EBITDA margin for the business. Achieving this will require a clear focus, and as such no other international geographies are currently being evaluated so as to not risk management distraction.

*4. Investing in people and infrastructure*

The Group operates an in-house Transport and Distribution operation, which is well invested and scalable. As such, whilst there have been minor instances of labour shortages and some cost inflation in this part of the business, the Group’s cost structure and business model are such that these costs are not as significant as at some competitors, particularly those multi-channel retailers with significant online operations.

The existing network of five main B&M UK Distribution Centres remains adequate to service the sustained increase in sales volumes versus pre-pandemic levels. With productivity at the Bedford facility targeted to improve, no large-scale capital investment in additional capacity is anticipated in the near term, albeit there will be investment in a new Warehouse Management System to underpin the continued growth of the B&M UK business.

Given the sustained demand for larger, higher ticket General Merchandise items over the past two years the business has been evaluating what opportunities may exist to access new customers and incremental revenue streams. As such, B&M is planning an online trial where a curated range of products will be made available for home delivery, with an anticipated launch date in calendar year 2022.

Developing colleagues remains an integral part of the Group’s success, for example through the “Step Up” programme for store managers and a “Warehouse to wheels” initiative aimed at offering training opportunities for warehouse colleagues to become HGV drivers.

The Group created over 550 new retail jobs in H1 FY22 through its new store opening programme in the UK. It currently has over 1,500 colleagues working under the Government’s “Kickstart” programme which aims to help long-term unemployed people get back into work in their local communities, and a further 141 colleagues enrolled on to various apprenticeships.

On 9 November 2021, Paula MacKenzie was welcomed to the Board as a Non-Executive Director. Paula brings with her a wealth of retail knowledge and experience, and will contribute significantly to the ongoing growth of the Group. Following the appointment, female representation at Board level is now 43%, demonstrating the Board’s commitment to diversity and inclusion.

**Outlook**

Having performed strongly in H1 FY22, the B&M UK fascia business will annualise even higher comparatives from FY21 in H2. In the first six weeks of Q3, one-year LFL sales have been (8.9)%, with the prior year six week period seeing highly elevated sales due to unusually early Christmas trading. On a two-year basis versus pre-pandemic levels of FY20, LFL sales have been +14.7%. Inventory levels and in-store availability remain good, having taken receipt of imported goods earlier than normal in direct response to the well-reported supply chain constraints and shipping disruption in both Asia and the UK. As such, the business remains focused on maintaining a very strong two-year performance for the second half of the financial year.

In terms of gross margin, although the return of Seasonal markdown activity did not materialise as expected in H1, it is too early to accurately predict the extent to which this remains a feature in H2. It will largely be determined by demand levels for Seasonal products seen over the peak Christmas period, and this will be a key driver of the full year outturn. Like the retail sector as a whole, the Group faces a number of potential cost headwinds and inflationary pressures heading into 2022, but considers itself well positioned to navigate these challenges due to its agile business model, strong supplier relationships and customer value proposition. Given the strong adjusted EBITDA[4] margin of 12.4% delivered in H1, the Group is confident of maintaining profit margins materially above historical levels.

The new store pipeline for the B&M fascia in the UK remains healthy, although there is a risk that up to 5 stores included in the original expectation of 45 gross new stores for FY22 may be delayed until next financial year. The Heron Foods business remains on track to open 15 gross new stores this financial year, whilst in France we will continue to focus on strong operational execution and laying the foundations for future growth.

**Environmental, Social & Governance**

The Group recognises the rising importance of Environmental, Social & Governance ("ESG") considerations to all stakeholders. The Board and Executive Management team continue to evaluate what the most appropriate metrics and targets for a growth retailer such as B&M are, and to develop an appropriate strategy. These include, but are not limited to:

- Reporting under the requirements of the Task Force for Climate-related Financial Disclosures in FY22;
- Disclosing Scope 1, 2 and 3 carbon emissions and setting a long term science based target for each;
- Ongoing rollout of LED lighting and Building Energy Management Systems in stores to reduce our carbon footprint; and
- Having a positive impact on society through extending the reach of B&M's value-for-money proposition to even more customers and creating job opportunities across the Group.

Alongside this work, the Group has continued to play a key role in helping customers navigate the economic impact of the pandemic on households with limited budgets by offering value for money across a range of products. It has also supported the regeneration of local communities through the opening of 38 new stores and creation of over 550 new retail jobs. The Group continues to invest in training, diversity and inclusion, as in part seen above under the "Investing in people and infrastructure" section.

The Group looks forward to sharing the results of its ongoing ESG strategy review in more detail as part of its FY22 Preliminary Results in June 2022.

**Principal Risks and Uncertainties**

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause actual results to materially differ from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the Annual Report for the year ended 27 March 2021.

These risks comprise all those associated with the Covid-19 pandemic, disruption in the supply chain, high levels of competition, the broader economic environment and market conditions, failure to comply with laws and regulations, inherent risks in international expansion, failure to maintain and invest in key infrastructure, disruption to key IT systems, cyber security and business continuity, fluctuations in commodity prices and cost inflation, key management reliance, availability of suitable new stores and failure of stock management controls.

Detailed explanations of these risks are set out on pages 24 to 32 of the Annual Report 2021 which is available at https://www.bandmretail.com/investors/presentations/year/2021

**Response to voting at the 2021 Annual General Meeting ("AGM")**

At the AGM in July 2021, all proposed resolutions were passed with strong shareholder support. The Board did, however, note that the vote in favour of the resolution to approve the Directors' Remuneration Report fell just below the 80% level, and invited shareholders to provide feedback. In response, a number of shareholders have since acknowledged the Board's willingness to consider their views during the consultation process prior to the AGM, and have expressed their continued support for the Board's overall approach to Remuneration. The Board remains committed to shareholder engagement and will continue to seek feedback from shareholders as part of an ongoing open and constructive dialogue.

Simon Arora
Chief Executive
11 November 2021

# Consolidated statement of Comprehensive Income

| | Note | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|---|
| Revenue | 2 | **2,267,981** | 2,242,112 | 4,801,425 |
| Cost of sales | | **(1,419,925)** | (1,440,592) | (3,031,455) |
| **Gross profit** | | **848,056** | 801,520 | 1,769,970 |
| Administrative expenses | | **(565,326)** | (518,926) | (1,156,556) |
| **Operating profit** | | **282,730** | 282,594 | 613,414 |
| Share of profits of investments in associates | | **600** | - | 1,795 |
| **Profit on ordinary activities before interest and tax** | | **283,330** | 282,594 | 615,209 |
| Finance costs on lease liabilities | | **(29,918)** | (30,577) | (61,411) |
| Other finance costs | | **(12,139)** | (16,414) | (28,654) |
| Finance income | | **92** | 33 | 295 |
| **Profit on ordinary activities before tax** | | **241,365** | 235,636 | 525,439 |
| Income tax expense | 5 | **(50,791)** | (48,460) | (97,335) |
| **Profit for the period** | | **190,574** | 187,176 | 428,104 |
| **Other comprehensive income for the period** | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Exchange differences on retranslation of subsidiaries and associates | | **296** | (52) | (1,222) |
| Fair value movements recorded in the hedging reserve | | **18,167** | (10,235) | (20,393) |
| Tax effect of other comprehensive income | | **(3,452)** | 1,859 | 4,509 |
| **Total comprehensive income for the period** | | **205,585** | 178,748 | 410,998 |
| **Earnings per share** | | | | |
| Basic earnings attributable to ordinary equity holders (pence) | 4 | **19.0** | 18.7 | 42.8 |
| Diluted earnings attributable to ordinary equity holders (pence) | 4 | **19.0** | 18.7 | 42.7 |

All comprehensive income is from continuing operations and is fully attributable to owners of the parent in all presented periods.

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

# Consolidated statement of Financial Position

| Assets | Note | 25 September 2021 £'000 | 26 September 2020 £'000 | 27 March 2021 £'000 |
|---|---|---|---|---|
| **Non-current** | | | | |
| Goodwill | 6 | **920,768** | 922,502 | 920,729 |
| Intangible assets | 6 | **118,642** | 118,882 | 118,240 |
| Property, plant and equipment | 7 | **350,008** | 312,383 | 336,364 |
| Right-of-use assets | 8 | **1,057,604** | 1,067,737 | 1,070,581 |
| Investments accounted for using the equity method | | **5,079** | 5,700 | 4,479 |
| Other receivables | | **7,208** | 7,680 | 7,084 |
| Deferred tax asset | | **33,688** | 22,091 | 32,242 |
| | | **2,492,997** | 2,456,975 | 2,489,719 |
| **Current** | | | | |
| Cash and cash equivalents | | **92,330** | 438,763 | 217,682 |
| Inventories | | **886,903** | 695,904 | 605,126 |
| Trade and other receivables | | **68,750** | 49,198 | 42,160 |
| Other current financial assets | | **16,042** | 4,462 | 3,767 |
| Income tax receivable | | **5,941** | - | - |
| | | **1,069,966** | 1,188,327 | 868,735 |
| **Total assets** | | **3,562,963** | 3,645,302 | 3,358,454 |
| **Equity** | | | | |
| Share capital | 9 | **(100,123)** | (100,073) | (100,082) |
| Share premium | | **(2,476,160)** | (2,474,858) | (2,475,108) |
| Retained earnings | | **(188,120)** | (378,324) | (127,585) |
| Hedging reserve | | **(7,216)** | (904) | 7,499 |
| Legal reserve | | **(10,010)** | (10,010) | (10,010) |
| Merger reserve | | **1,979,131** | 1,979,131 | 1,979,131 |
| Foreign exchange reserve | | **(7,109)** | (7,983) | (6,813) |
| | | **(809,607)** | (993,021) | (732,968) |
| **Non-current liabilities** | | | | |
| Interest-bearing loans and borrowings | 10 | **(698,650)** | (705,113) | (723,736) |
| Lease liabilities | | **(1,137,177)** | (1,143,393) | (1,138,634) |
| Other liabilities | | **-** | (483) | - |
| Deferred tax liabilities | | **(36,592)** | (26,327) | (27,476) |
| Provisions | | **(8,003)** | (788) | (4,511) |
| | | **(1,880,422)** | (1,876,104) | (1,894,357) |
| **Current liabilities** | | | | |
| Interest-bearing loans and borrowings | 10 | **(42,177)** | (55,076) | (6,875) |
| Trade and other payables | | **(644,310)** | (532,558) | (524,260) |
| Lease liabilities | | **(171,511)** | (160,985) | (162,735) |
| Other financial liabilities | | **-** | (6,115) | (16,141) |
| Income tax payable | | **(5,796)** | (14,256) | (12,511) |
| Provisions | | **(9,140)** | (7,187) | (8,607) |
| | | **(872,934)** | (776,177) | (731,129) |
| **Total liabilities** | | **(2,753,356)** | (2,652,281) | (2,625,486) |
| **Total equity and liabilities** | | **(3,562,963)** | (3,645,302) | (3,358,454) |

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 10 November 2021 and signed on their behalf by:

S. Arora, Chief Executive Officer.

# Consolidated statement of Changes in Shareholders' Equity

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Hedging reserve £'000 | Legal reserve £'000 | Merger reserve £'000 | Foreign exchange reserve £'000 | Total Share-holders' equity £'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 28 March 2020 | 100,058 | 2,474,318 | 244,829 | 9,280 | 10,010 | (1,979,131) | 8,035 | 867,399 |
| Ordinary dividend payments to owners | - | - | (54,035) | - | - | - | - | (54,035) |
| Effect of share options | 15 | 540 | 354 | - | - | - | - | 909 |
| Total for transactions with owners | 15 | 540 | (53,681) | - | - | - | - | (53,126) |
| Profit from continuing operations | - | - | 187,176 | - | - | - | - | 187,176 |
| Other comprehensive income | - | - | - | (8,376) | - | - | (52) | (8,428) |
| Total comprehensive income for the period | - | - | 187,176 | (8,376) | - | - | (52) | 178,748 |
| Balance at 26 September 2020 | 100,073 | 2,474,858 | 378,324 | 904 | 10,010 | (1,979,131) | 7,983 | 993,021 |
| Ordinary dividend payments to owners | - | - | (43,032) | - | - | - | - | (43,032) |
| Special dividend payments to owners | - | - | (450,330) | - | - | - | - | (450,330) |
| Effect of share options | 9 | 250 | 800 | - | - | - | - | 1,059 |
| Total for transactions with owners | 9 | 250 | (492,562) | - | - | - | - | (492,303) |
| Profit from continuing operations | - | - | 240,928 | - | - | - | - | 240,928 |
| Other comprehensive income | - | - | 895 | (8,403) | - | - | (1,170) | (8,678) |
| Total comprehensive income for the period | - | - | 241,823 | (8,403) | - | - | (1,170) | 232,250 |
| **Balance at 27 March 2021** | **100,082** | **2,475,108** | **127,585** | **(7,499)** | **10,010** | **(1,979,131)** | **6,813** | **732,968** |
| **Ordinary dividend payments to owners** | **-** | **-** | **(130,107)** | **-** | **-** | **-** | **-** | **(130,107)** |
| **Effect of share options** | **41** | **1,052** | **68** | **-** | **-** | **-** | **-** | **1,161** |
| **Total for transactions with owners** | **41** | **1,052** | **(130,039)** | **-** | **-** | **-** | **-** | **(128,946)** |
| **Profit for the period** | **-** | **-** | **190,574** | **-** | **-** | **-** | **-** | **190,574** |
| **Other comprehensive income** | **-** | **-** | **-** | **14,715** | **-** | **-** | **296** | **15,011** |
| **Total comprehensive income for the period** | **-** | **-** | **190,574** | **14,715** | **-** | **-** | **296** | **205,585** |
| **Balance at 25 September 2021** | **100,123** | **2,476,160** | **188,120** | **7,216** | **10,010** | **(1,979,131)** | **7,109** | **809,607** |

# Consolidated statement of Cash Flows

| | Note | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 11 | **201,653** | 403,211 | 944,048 |
| Income tax paid | | **(59,221)** | (60,241) | (117,422) |
| **Net cash flows from operating activities** | | **142,432** | 342,970 | 826,626 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | | **(48,227)** | (30,708) | (86,606) |
| Purchase of intangible assets | | **(1,476)** | (418) | (1,312) |
| Business disposal net of cash disposed | | **-** | 9,074 | 9,074 |
| Disposal of interest in associate company | | **-** | - | 316 |
| Proceeds from the sale of property, plant and equipment | | **6,783** | 6,159 | 6,448 |
| Finance income received | | **92** | 33 | 295 |
| Dividends received from associates | | **-** | - | 2,186 |
| **Net cash flows from investing activities** | | **(42,828)** | (15,860) | (69,599) |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Newly issued corporate bonds net of bonds repaid | 10 | **-** | 150,000 | 150,000 |
| New group bank facilities net of bank facilities repaid | 10 | **-** | (82,430) | (82,121) |
| Net receipt/(repayment) of Group revolving bank loans | | **20,000** | (120,000) | (120,000) |
| Net repayment of Heron bank facilities | | **(673)** | (1,089) | (5,150) |
| Net (repayment)/receipt of government backed loan in France | | **(8,371)** | 45,695 | 22,762 |
| Net repayment of French bank facilities | 10 | **(1,637)** | (288) | (1,164) |
| Repayment of the principal in relation to right-of-use assets | | **(63,179)** | (51,577) | (140,790) |
| Payment of interest in relation to right-of-use assets | | **(29,918)** | (30,577) | (61,411) |
| Fees on refinancing | 10 | **-** | (10,835) | (10,797) |
| Other finance costs paid | | **(11,955)** | (10,991) | (23,186) |
| Receipt from exercise of employee share options | | **-** | 30 | 30 |
| Dividends paid to owners of the parent | | **(130,107)** | (204,123) | (697,485) |
| **Net cash flows from financing activities** | | **(225,840)** | (316,185) | (969,312) |
| | | | | |
| Effects of exchange rate changes on cash and cash equivalents | | **884** | 561 | 2,690 |
| | | | | |
| Net (decrease)/increase in cash and cash equivalents | | **(125,352)** | 11,486 | (209,595) |
| Cash and cash equivalents at the beginning of the period | | **217,682** | 427,277 | 427,277 |
| **Cash and cash equivalents at the end of the period** | | **92,330** | 438,763 | 217,682 |
| | | | | |
| Cash and cash equivalents comprise: | | | | |
| Cash at bank and in hand | | **92,330** | 438,763 | 217,682 |
| Overdrafts | | **-** | - | - |
| | | **92,330** | 438,763 | 217,682 |

# Notes to the financial information

## 1 General information and basis of preparation

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

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

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

The principal accounting policies have remained unchanged from the prior financial information for the Group for the period to 27 March 2021.

The financial statements for B&M European Value Retail S.A. for the period to 27 March 2021 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

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

This consolidated financial information does not constitute statutory financial statements.

### Basis of consolidation

This Group financial information consolidates the financial information of the company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 28 March 2021 to 25 September 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.

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary, excluding the situations as outlined in the basis of preparation.

**Going concern**

As a value retailer, the Group is well placed to withstand volatility within the economic environment. The Group's forecasts and projections, which are prepared through to March 2023 and take into account reasonably possible changes in trading performance show that the Group will trade within its current banking facilities for that period.

The Group refinanced in July 2020 and the current banking facilities do not mature until April 2025, with the current high yield bonds maturing in July 2025.

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 a national lockdown between 3 April 2021 and 19 May 2021, when open they have traded successfully and that segment 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).

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

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

**Critical judgments and key sources of estimation uncertainty**

There are no significant changes to the items listed in the 2021 Annual Report.

## 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 B&M (previously France Babou) segments comprising the three separately operated business units within the Group.

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 €1.1648/£ during the period, with the period end rate being €1.1673/£ (March 2021: €1.1203/£ and €1.1691; September 2020: €1.1161/£ and €1.0935/£ respectively).

| **26 week period to 25 September 2021** | **UK B&M £'000** | **UK Heron £'000** | **France B&M £'000** | **Corporate £'000** | **Total £'000** |
|---|---|---|---|---|---|
| **Revenue** | **1,909,499** | **203,083** | **155,399** | **-** | **2,267,981** |
| **EBITDA (note 3)** | **257,877** | **13,403** | **11,387** | **9,540** | **292,207** |
| **EBITDA (IFRS 16) (note 3)** | **339,371** | **19,070** | **27,370** | **9,540** | **395,351** |
| **Depreciation and amortisation** | **(83,970)** | **(11,054)** | **(16,997)** | **-** | **(112,021)** |
| **Net finance expense** | **(23,592)** | **(1,158)** | **(6,102)** | **(11,113)** | **(41,965)** |
| **Income tax (expense)/credit** | **(42,896)** | **(1,271)** | **(1,274)** | **(5,350)** | **(50,791)** |
| **Segment profit/(loss)** | **188,913** | **5,587** | **2,997** | **(6,923)** | **190,574** |
| | | | | | |
| **Total assets** | **2,855,545** | **286,676** | **359,524** | **61,218** | **3,562,963** |
| **Total liabilities** | **(1,588,165)** | **(119,804)** | **(257,446)** | **(787,941)** | **(2,753,356)** |
| **Capital expenditure*** | **(38,557)** | **(4,120)** | **(7,026)** | **-** | **(49,703)** |

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

| 52 week period to 27 March 2021 | UK B&M £'000 | UK Heron £'000 | France B&M £'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) |

* Capital expenditure includes both tangible and intangible capital

Revenue is disaggregated geographically as follows:

| Period to | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Revenue due to UK operations | **2,112,582** | 2,101,558 | 4,492,341 |
| Revenue due to French operations | **155,399** | 140,554 | 309,084 |
| Overall revenue | **2,267,981** | 2,242,112 | 4,801,425 |

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

| Period to | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Revenue due to sales made in stores | **2,243,961** | 2,221,699 | 4,754,031 |
| Revenue due to wholesale activities | **24,020** | 20,413 | 47,394 |
| Overall revenue | **2,267,981** | 2,242,112 | 4,801,425 |

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

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

EBITDA, adjusted EBITDA and adjusted profit are non-IFRS measures and therefore we provide a reconciliation of these amounts to the statement of comprehensive income below.

| Period to | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Profit on ordinary activities before interest and tax | **283,330** | 282,594 | 615,209 |
| Add back depreciation and amortisation | **112,021** | 105,120 | 215,247 |
| **EBITDA (IFRS 16)** | **395,351** | 387,714 | 830,456 |
| Exclude effects of IFRS 16 on administrative expenses | **(103,144)** | (96,747) | (207,546) |
| **EBITDA** | **292,207** | 290,967 | 622,910 |
| Reverse the effect of ineffective derivatives | **(10,250)** | 6,242 | 6,775 |
| Foreign exchange on intercompany balances | **194** | (1,569) | 3,219 |
| Release of exceptional French stock provision | **-** | - | (6,505) |
| **Adjusted EBITDA** | **282,151** | 295,640 | 626,399 |
| Pre IFRS 16 depreciation and amortisation | **(32,135)** | (30,127) | (62,413) |
| Net adjusted finance costs (see below) | **(12,047)** | (11,863) | (23,841) |
| **Adjusted profit before tax** | **237,969** | 253,650 | 540,145 |
| Adjusted tax | **(50,858)** | (52,171) | (105,644) |
| **Adjusted profit for the period** | **187,111** | 201,479 | 434,501 |

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

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

| Period to | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Adjusted EBITDA (above) | **282,151** | 295,640 | 626,399 |
| Include effects of IFRS 16 on EBITDA | **103,144** | 96,747 | 207,546 |
| **Adjusted EBITDA (IFRS 16)** | **385,295** | 392,387 | 833,945 |
| Depreciation and amortisation | **(112,021)** | (105,120) | (215,247) |
| Interest costs related to lease liabilities | **(29,918)** | (30,577) | (61,411) |
| Net adjusted other finance costs | **(12,047)** | (11,863) | (23,841) |
| **Adjusted profit before tax (IFRS 16)** | **231,309** | 244,827 | 533,446 |
| Adjusted tax | **(48,351)** | (50,481) | (106,617) |
| **Adjusted profit for the period (IFRS 16)** | **182,958** | 194,346 | 426,829 |

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

| Period to | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Other finance costs from the statement of comprehensive income | **(12,139)** | (16,414) | (28,654) |
| Add back one-off costs of refinancing | **-** | 4,518 | 4,518 |
| Finance income from the statement of comprehensive income | **92** | 33 | 295 |
| Net adjusted finance costs | **(12,047)** | (11,863) | (23,841) |

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. Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above. All adjusting items are considered to relate to the corporate segment.

In December 2020 the Group announced that we would voluntarily repay the business rates relief granted to B&M by the Government for FY21. At the half year to September 2020 the additional rates that would have been accrued totalled £39.9m (£37.1m B&M, £2.8m Heron).

In order to aid comparability we present key statistics for the half year to September 2020 adjusted for these business rates as follows:

| | As Reported £'000 | Adjustment £'000 | Revised £'000 |
|---|---|---|---|
| Profit before tax | 235,636 | (39,911) | 195,725 |
| Profit after tax | 187,176 | (32,328) | 154,848 |
| Adjusted EBITDA | 295,640 | (39,911) | 255,729 |
| Adjusted profit before tax | 253,650 | (39,911) | 213,739 |
| Adjusted profit after tax | 201,479 | (32,328) | 169,151 |

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 Earnings per share

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

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

Adjusted (and adjusted (IFRS 16)) basic and diluted earnings per share are calculated in the same way as above, except using adjusted profit attributable to ordinary equity holders of the parent, as defined in note 3.

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

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

| Period to | **25 September 2021 £'000** | 26 September 2020 £'000 | 27 March 2021 £'000 |
|---|---|---|---|
| Profit for the period attributable to owners of the parent | **190,574** | 187,176 | 428,104 |
| Adjusted profit for the period attributable to owners of the parent | **187,111** | 201,479 | 434,501 |
| Adjusted (IFRS 16) profit for the period attributable to owners of the parent | **182,958** | 194,346 | 426,829 |
| | **Thousands** | Thousands | Thousands |
| Weighted average number of ordinary shares for basic loss per share | **1,000,894** | 1,000,627 | 1,000,695 |
| Effect of dilution: | | | |
| Employee share options | **1,740** | 1,220 | 1,382 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | **1,002,634** | 1,001,847 | 1,002,077 |
| | **Pence** | Pence | Pence |
| Basic earnings per share | **19.0** | 18.7 | 42.8 |
| Diluted earnings per share | **19.0** | 18.7 | 42.7 |
| Adjusted basic earnings per share | **18.7** | 20.1 | 43.5 |
| Adjusted diluted earnings per share | **18.7** | 20.1 | 43.4 |
| Adjusted IFRS 16 basic earnings per share | **18.3** | 19.4 | 42.7 |
| Adjusted IFRS 16 diluted earnings per share | **18.2** | 19.4 | 42.6 |

Diluted earnings per share after adjusting for waived rates relief for the 26 weeks to 26 September 2020 (see note 3) were 15.5p (adjusted diluted earnings per share: 16.9p).

## 5 Taxation

The continuing tax charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 19% (UK) and 28.5% (France) and then adjusted for allowances and non-deductibles in line with the prior year.

## 6 Intangible assets

| | Goodwill £'000 | Software £'000 | Brands £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 28 March 2020 | 921,911 | 10,010 | 115,274 | 1,113 | 1,048,308 |
| Additions | - | 418 | - | - | 418 |
| Disposals | - | - | - | - | - |
| Effect of retranslation | 591 | 6 | 93 | 25 | 715 |
| At 26 September 2020 | 922,502 | 10,434 | 115,367 | 1,138 | 1,049,441 |
| Additions | - | 894 | - | - | 894 |
| Disposals | - | - | - | - | - |
| Effect of retranslation | (1,773) | (18) | (277) | (74) | (2,142) |
| **At 27 March 2021** | **920,729** | **11,310** | **115,090** | **1,064** | **1,048,193** |
| **Additions** | **-** | **1,476** | **-** | **-** | **1,476** |
| **Disposals** | **-** | **-** | **-** | **-** | **-** |
| **Effect of retranslation** | **39** | **-** | **7** | **2** | **48** |
| **At 25 September 2021** | **920,768** | **12,786** | **115,097** | **1,066** | **1,049,717** |
| | | | | | |
| **Accumulated amortisation / impairment** | | | | | |
| At 28 March 2020 | - | 6,095 | 606 | - | 6,701 |
| Charge for the period | - | 1,132 | 202 | - | 1,334 |
| Disposals | - | - | - | - | - |
| Effect of retranslation | - | 6 | 16 | - | 22 |
| At 26 September 2020 | - | 7,233 | 824 | - | 8,057 |
| Charge for the period | - | 1,038 | 199 | - | 1,237 |
| Disposals | - | - | - | - | - |
| Effect of retranslation | - | (14) | (56) | - | (70) |
| **At 27 March 2021** | **-** | **8,257** | **967** | **-** | **9,224** |
| **Charge for the period** | **-** | **888** | **194** | **-** | **1,082** |
| **Disposals** | **-** | **-** | **-** | **-** | **-** |
| **Effect of retranslation** | **-** | **-** | **1** | **-** | **1** |
| **At 25 September 2021** | **-** | **9,145** | **1,162** | **-** | **10,307** |
| | | | | | |
| **Net book value at 25 September 2021** | **920,768** | **3,641** | **113,935** | **1,066** | **1,039,410** |
| Restated net book value at 27 March 2021 | 920,729 | 3,053 | 114,123 | 1,064 | 1,038,969 |
| Net book value at 26 September 2020 | 922,502 | 3,201 | 114,543 | 1,138 | 1,041,384 |

Impairment reviews of the B&M UK, Heron and B&M France segments were carried out at the year end, see the 2021 annual report for further details.

Management have judged that there are no identifiable triggers for a further impairment test in any of the three segments to be carried out. Full impairment tests will next be carried out at the Groups next year end date of 26 March 2022.

## 7 Property, plant and equipment

| | Land and buildings £'000 | Motor Vehicles £'000 | Plant, fixtures and equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 28 March 2020 | 85,803 | 15,900 | 380,432 | 482,135 |
| Additions | 6,230 | 1,383 | 23,095 | 30,708 |
| Disposals | (3,427) | (257) | (2,849) | (6,533) |
| Effect of retranslation | - | 1 | 861 | 862 |
| At 26 September 2020 | 88,606 | 17,027 | 401,539 | 507,172 |
| Additions | 11,479 | 3,214 | 41,205 | 55,898 |
| Disposals | (306) | (830) | (3,153) | (4,289) |
| Effect of retranslation | - | (1) | (2,730) | (2,731) |
| **At 27 March 2021** | **99,779** | **19,410** | **436,861** | **556,050** |
| **Additions** | **16,525** | **1,190** | **30,512** | **48,227** |
| **Disposals** | **(4,301)** | **(155)** | **(2,478)** | **(6,934)** |
| **Effect of retranslation** | **-** | **-** | **49** | **49** |
| **At 25 September 2021** | **112,003** | **20,445** | **464,944** | **597,392** |
| | | | | |
| **Accumulated depreciation** | | | | |
| At 28 March 2020 | 19,470 | 5,085 | 145,382 | 169,937 |
| Charge for the period | 2,024 | 1,516 | 23,877 | 27,417 |
| Disposals | (198) | (219) | (2,440) | (2,857) |
| Effect of retranslation | - | - | 292 | 292 |
| At 26 September 2020 | 21,296 | 6,382 | 167,111 | 194,789 |
| Charge for the period | 2,149 | 2,234 | 25,357 | 29,740 |
| Disposals | (244) | (590) | (2,981) | (3,815) |
| Effect of retranslation | - | - | (1,028) | (1,028) |
| **At 27 March 2021** | **23,201** | **8,026** | **188,459** | **219,686** |
| **Charge for the period** | **2,243** | **1,338** | **26,348** | **29,929** |
| **Disposals** | **(215)** | **(128)** | **(1,906)** | **(2,249)** |
| **Effect of retranslation** | **-** | **-** | **18** | **18** |
| **At 25 September 2021** | **25,229** | **9,236** | **212,919** | **247,384** |
| | | | | |
| **Net book value at 25 September 2021** | **86,774** | **11,209** | **252,025** | **350,008** |
| Net book value at 27 March 2021 | 76,578 | 11,384 | 248,402 | 336,364 |
| Net book value at 26 September 2020 | 67,310 | 10,645 | 234,428 | 312,383 |

## 8 Right of use assets

| | Land and buildings £'000 | Motor vehicles £'000 | Plant, fixtures and equipment £'000 | Total £'000 |
|---|---|---|---|---|
| Net book value | | | | |
| At 28 March 2020 | 1,061,273 | 17,866 | 7,479 | 1,086,618 |
| Additions | 54,420 | 57 | 1,799 | 56,276 |
| Modifications | 2,642 | 2 | - | 2,644 |
| Disposals | (3,927) | (19) | (47) | (3,993) |
| Impairment | (1,134) | - | - | (1,134) |
| Depreciation | (71,513) | (3,062) | (1,795) | (76,370) |
| Foreign exchange | 3,781 | 6 | (91) | 3,696 |
| As at 26 September 2020 | 1,045,542 | 14,850 | 7,345 | 1,067,737 |
| Additions | 98,265 | 2,706 | 1,228 | 102,199 |
| Modifications | 4,037 | - | - | 4,037 |
| Disposals | (8,874) | (36) | (62) | (8,972) |
| Impairment | (4,008) | - | - | (4,008) |
| Depreciation | (74,274) | (3,072) | (1,803) | (79,149) |
| Foreign exchange | (11,181) | (18) | (64) | (11,263) |
| **As at 27 March 2021** | **1,049,507** | **14,430** | **6,644** | **1,070,581** |
| **Additions** | **63,871** | **157** | **423** | **64,451** |
| **Modifications** | **10,283** | **-** | **-** | **10,283** |
| **Disposals** | **(6,931)** | **-** | **(20)** | **(6,951)** |
| **Depreciation** | **(76,509)** | **(2,881)** | **(1,620)** | **(81,010)** |
| **Foreign exchange** | **239** | **-** | **11** | **250** |
| **As at 25 September 2021** | **1,040,460** | **11,706** | **5,438** | **1,057,604** |

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.

## 9 Share capital

| **Allotted, called up and fully paid** | Nominal value £'000 | Number of shares |
|---|---|---|
| B&M European Value Retail S.A. Ordinary shares of 10p each; | | |
| At 28 March 2020 | 100,058 | 1,000,582,898 |
| Shares issued due to exercise of employee share options | 15 | 150,249 |
| 26 September 2020 | 100,073 | 1,000,733,147 |
| Shares issued due to exercise of employee share options | 9 | 86,541 |
| **At 27 March 2021** | **100,082** | **1,000,819,688** |
| **Shares issued due to exercise of employee share options** | **41** | **407,148** |
| **At 25 September 2021** | **100,123** | **1,001,226,836** |

*Ordinary Shares*
Each ordinary share ranks pari passu with each other ordinary share and each share carries one vote.

In addition to the issued share capital, the company has an authorised but unissued share capital of 2,970,995,386 ordinary shares.

The outstanding share options can be summarised as follows;

| | 25 September 2021 | 26 September 2020 | 27 March 2021 |
|---|---|---|---|
| Vested, available to exercise | **112,901** | 285,027 | 87,046 |
| Not vested, not subject to conditions (in holding) | **712,600** | 346,876 | 357,664 |
| Not vested, subject to conditions | **2,282,682** | 2,286,801 | 2,292,268 |
| **Total outstanding share options** | **3,108,183** | 2,918,704 | 2,736,978 |

For the dilutive effect of these see note 4.

## 10 Financial liabilities - borrowings

| | 25 September 2021 £'000 | 26 September 2020 £'000 | 27 March 2021 £'000 |
|---|---|---|---|
| **Current** | | | |
| Revolving facility bank loan | **20,000** | - | - |
| French government backed loan facility | **13,493** | 46,639 | - |
| France other loan facilities | **3,042** | 3,572 | 3,298 |
| Heron loan facilities | **5,642** | 4,865 | 3,577 |
| | **42,177** | 55,076 | 6,875 |
| **Non-current** | | | |
| High yield bond notes | **397,224** | 396,421 | 396,860 |
| Term facility bank loan | **296,721** | 295,830 | 296,257 |
| French government backed loan facility | **-** | - | 21,810 |
| France loan facilities | **4,705** | 7,350 | 6,071 |
| Heron loan facilities | **-** | 5,512 | 2,738 |
| | **698,650** | 705,113 | 723,736 |

### Refinancing

In the prior year 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 13 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.

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

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

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

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

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

**French government backed loan**

In the prior year, in April 2020, the French government mandated that our France 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.

In September 2021 a further repayment was made reducing the outstanding balance to €15.8m.

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 that period.

**Other loan details**

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

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

The gross cash values of these facilities are £300m for the term facility bank loan (Sept 20, Mar 21: £300m) and £400m for the high yield bonds (Sept 20, Mar 21: £400m). All other loans have book value equal to the gross cash value.

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

| | **Interest rate** | **Maturity** |
|---|---|---|
| Revolving facility loan | 1.75% + LIBOR | Oct-21 |
| Term facility bank loan A | 2.00% + LIBOR | Apr-25 |
| High yield bond notes | 3.625% | Jul-25 |
| Heron loan facilities – Melton | 2.25% + LIBOR | Jul-22 |
| Heron loan facilities – Term | 2.50% + LIBOR | Dec-21 |
| France – Government Guaranteed | 1.1-1.34% | Apr-22 |
| France – BNP Paribas | 0.75-0.76% | Jul 23–Sep 24 |
| France – Caisse d'Épargne | 0.75-1.51% | Feb 22-Oct 24 |
| France – CIC | 0.71-1.20% | Nov 22-Jun 25 |
| France – Crédit Agricole | 0.39-0.81% | Aug 23-Jan 28 |
| France - Crédit Lyonnais | 0.68-0.74% | Nov 24-Apr 25 |
| France - Société Générale | 0.63% | Jun-23 |

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

The Group is currently undergoing a process to transition from LIBOR based floating rates to SONIA based floating rates. This is not expected to have a material impact on the accounts.

## 11 Reconciliation of profit before tax to cash generated from operations

| | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Profit before tax | **241,365** | 235,636 | 525,439 |
| Adjustments for: | | | |
| Net interest expense | **41,965** | 46,958 | 89,770 |
| Depreciation of property, plant and equipment | **29,929** | 27,417 | 57,157 |
| Depreciation of right of use assets | **81,010** | 76,370 | 155,519 |
| Impairment of right of use assets | **-** | - | 5,142 |
| Amortisation of intangible assets | **1,082** | 1,334 | 2,571 |
| (Gain)/loss on sale and leaseback | **(100)** | 142 | 142 |
| Loss on disposal of property, plant and equipment | **520** | 387 | 571 |
| Charge on share options | **1,161** | 879 | 1,937 |
| Change in inventories | **(281,721)** | (106,445) | (20,350) |
| Change in trade and other receivables | **(27,154)** | 3,519 | 8,985 |
| Change in trade and other payables | **120,424** | 111,143 | 105,898 |
| Change in provisions | **4,022** | (371) | 6,287 |
| Share of profit from associates | **(600)** | - | (1,795) |
| (Profit)/loss resulting from fair value of financial derivatives | **(10,250)** | 6,242 | 6,775 |
| Cash generated from operations | **201,653** | 403,211 | 944,048 |

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## 12 Financial instruments

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

| As at | **25 September 2021** | 26 September 2020 | 27 March 2021 |
|---|---|---|---|
| **Financial assets:** | **£'000** | £'000 | £'000 |
| **Fair value through profit and loss** | | | |
| Forward foreign exchange contracts | **6,917** | 1,015 | 2,416 |
| **Fair value through other comprehensive income** | | | |
| Forward foreign exchange contracts | **9,125** | 3,447 | 1,351 |
| **Loans and receivables** | | | |
| Cash and cash equivalents | **92,330** | 438,763 | 217,682 |
| Trade receivables | **22,377** | 17,073 | 13,298 |
| Other receivables | **15,149** | 15,667 | 6,376 |

| As at | 25 September 2021 | 26 September 2020 | 27 March 2021 |
|---|---|---|---|
| **Financial liabilities** | **£'000** | £'000 | £'000 |
| **Fair value through profit and loss** | | | |
| Fuel price swap | **-** | 827 | - |
| Forward foreign exchange contracts | **-** | 2,957 | 5,748 |
| **Fair value through other comprehensive income** | | | |
| Forward foreign exchange contracts | **-** | 2,331 | 10,393 |
| **Amortised cost** | | | |
| Lease liabilities | **1,308,688** | 1,304,378 | 1,301,369 |
| Interest-bearing loans and borrowings | **740,827** | 760,189 | 730,611 |
| Trade payables | **477,741** | 400,226 | 352,707 |
| Other payables | **7,242** | 5,265 | 5,925 |

**Financial instruments at fair value through profit and loss**

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

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

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

## 13 Related party transactions

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

Multi-lines International Company Limited, a supplier, and Centz Retail Holdings, a customer, are associates of the Group.

Ropley Properties Ltd, Triple Jersey Ltd, TJL UK Ltd, Rani Investments, Fulland Investments Limited, Golden Honest International Investments Limited, Hammond Investments Limited, Joint Sino Investments Limited and Ocean Sense Investments Limited, 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).

There was a significant new related party transaction in the prior period as SSA Investments participated in the Corporate Bonds issued by the Group in July 2020 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), also related parties, respectively.

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

| | 26 weeks ended 25 September 2021 | 26 weeks ended 26 September 2020 | 52 weeks ended 27 March 2021 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Sales to associates of the Group** | | | |
| Centz Retail Holdings Limited | **23,597** | 18,924 | 44,938 |
| Home Focus Group Limited | **-** | 962 | 1,050 |
| **Total sales to related parties** | **23,597** | 19,886 | 45,988 |

| | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| **Purchases from associates of the Group** | | | |
| Multi-lines International Company Ltd | **137,812** | 98,267 | 230,472 |
| **Purchases from parties related to key management personnel** | | | |
| Fulland Investments Limited | **106** | - | 107 |
| Golden Honest International Investments Limited | **101** | - | 44 |
| Hammond Investments Limited | **101** | - | 102 |
| Joint Sino Investments Limited | **101** | - | 102 |
| Multi-Lines International (Properties) Ltd | **-** | 242 | 364 |
| Ocean Sense Investments Limited | **106** | - | 107 |
| SSA Investments | **-** | - | 150 |
| **Total sales to related parties** | **138,327** | 98,509 | 231,448 |

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. This holding was sold in December 2020 for €350k, which was equal to the carrying value at the time.

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

| | Depreciation charge £'000 | Interest charge £'000 | Total charge £'000 | Right of use asset £'000 | Lease liability £'000 | Net liability £'000 |
|---|---|---|---|---|---|---|
| **Period ended 25 September 2021** | | | | | | |
| **Rani Investments** | **44** | **29** | **73** | **566** | **(735)** | **(169)** |
| **Ropley Properties** | **780** | **416** | **1,196** | **8,961** | **(12,966)** | **(4,005)** |
| **TJL UK Limited** | **500** | **273** | **773** | **11,744** | **(13,724)** | **(1,980)** |
| **Triple Jersey Limited** | **4,466** | **1,851** | **6,317** | **60,840** | **(75,597)** | **(14,757)** |
| | **5,790** | **2,569** | **8,359** | **82,111** | **(103,022)** | **(20,911)** |
| Period ended 26 September 2020 | | | | | | |
| Rani Investments | 42 | 31 | 73 | 654 | (820) | (166) |
| Ropley Properties | 830 | 464 | 1,294 | 11,464 | (14,459) | (2,995) |
| TJL UK Limited | 371 | 207 | 578 | 8,864 | (10,341) | (1,477) |
| Triple Jersey Limited | 4,407 | 2,073 | 6,480 | 69,910 | (84,971) | (15,061) |
| | 5,650 | 2,775 | 8,425 | 90,892 | (110,591) | (19,699) |
| Period ended 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) |

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

| | **25 September 2021** | 26 September 2020 | 27 March 2021 |
|---|---|---|---|
| **Trade receivables** | **£'000** | £'000 | £'000 |
| **With associates of the Group** | | | |
| Centz Retail Holdings Limited | **7,632** | 5,972 | 7,564 |
| **With parties related to key management personnel** | | | |
| Rani Investments | **-** | 13 | - |
| Ropley Properties Ltd | **-** | 113 | - |
| Triple Jersey Ltd | **-** | 400 | - |
| **Total trade receivables** | **7,632** | 6,498 | 7,564 |

| Trade payables | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| **With associates of the Group** | | | |
| Multi-lines International Company Ltd | **21,838** | 12,900 | 7,439 |
| **With parties related to key management personnel** | | | |
| Ropley Properties Ltd | **11** | - | 371 |
| Triple Jersey Ltd | **94** | - | 1,066 |
| **Total sales to related parties** | **21,943** | 12,900 | 8,876 |

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

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

The future lease commitments on the related party properties are;

| | **26 weeks ended 25 September 2021 £'000** | 26 weeks ended 26 September 2020 £'000 | 52 weeks ended 27 March 2021 £'000 |
|---|---|---|---|
| Not later than one year | **17,075** | 16,397 | 16,444 |
| Later than one year and not later than two years | **15,485** | 16,713 | 15,796 |
| Later than two years and not later than five years | **39,334** | 41,474 | 39,730 |
| Later than five years | **54,632** | 63,581 | 59,264 |
| | **126,526** | 138,165 | 131,234 |

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

## 14 Commitments

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

## 15 Post balance sheet events

An interim dividend of 5.0 pence per share (£50.1m), has been proposed.

## 16 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
S Arora (CEO)
A Russo (CFO)
R McMillan
T Hall
C Bradley
G Petit (Resigned 29 July 2021)

Paula MacKenzie was appointed as a Non-Executive Director on 9 November 2021.

**Responsibility statement of the Directors in respect of the half-yearly financial report**

We confirm that to the best of our knowledge:

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

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

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

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

By order of the Board

**Simon Arora**
Chief Executive
11 November 2021

**Alex Russo**
Chief Financial Officer

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE ON THE REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 25 September 2021, the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 25 September 2021 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 11 November 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio