31 May 2022

B&M European Value Retail S.A.

FY22 Preliminary Results Announcement

Strong execution consolidates sales and profit gains made during FY21

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 26 March 2022 ("FY22"). Due to the exceptional nature of the previous financial year, comparisons are also shown with regards to pre-pandemic levels of FY20 where relevant, to provide a more meaningful measure of performance.

HIGHLIGHTS

- Group revenues decreased by (2.7)% on prior year to £4,673m (or (2.4)% at constant currency[1]), but increased 22.5% on a two-year basis versus FY20

- B&M UK fascia[2] revenue decreased (4.1)% year-on-year, driven by one-year like-for-like[3] ("LFL") revenue decline of (9.0)%

    - On a two-year basis versus FY20, LFL revenues were up 13.0% with sales densities significantly higher than pre-pandemic levels due to retention of new customers

- Gross margin increased slightly year-on-year in the core B&M UK business, driven by strong performance across General Merchandise and a high sell-through rate on Seasonal ranges leading to limited markdown activity

- Group adjusted EBITDA[4] (pre-IFRS16) of £619m (FY21: £626m) with an adjusted EBITDA[4] margin of 13.2% (FY21: 13.0%), both slightly above consensus expectations

    - On a two-year basis versus FY20, Group adjusted EBITDA[4] has increased 80.8%

- On a post-IFRS16 basis, Group adjusted EBITDA[4] was £828m, representing an adjusted EBITDA[4] margin of 17.7%

- Group statutory profit before tax remained flat at £525m with statutory diluted earnings per share 42.1p (FY21: 42.7p)

- 34 gross new B&M UK[2] store openings offset by 14 closures and relocations, with new store returns remaining very strong

- Excellent progress in France with all stores now under the B&M banner and an adjusted EBITDA[4] of £32m (FY21: £11m), representing a margin of 9.2% (FY21: 3.6%)

- Group cash generated from operations of £598m (FY21: £944m), reflecting the strong EBITDA outturn and investment in working capital to ensure availability of Spring/Summer 2022 seasonal stock

- Year-end net debt[5] of £790m, with a net debt[5] to adjusted EBITDA[4] leverage ratio (pre-IFRS16) of 1.3x (FY21: 0.8x), comfortably within our stated leverage ceiling of 2.25x

- Recommended final dividend[6] of 11.5p per share (FY21: 13.0p), bringing the full year ordinary dividend to 16.5p per share (FY21: 17.3p) in addition to the £250m special dividend[6] paid in January 2022.

- Alex Russo, currently CFO, announced as successor to Simon Arora as CEO

Simon Arora, Chief Executive, said,

"I am very pleased with the results we have delivered. The strength and resilience of our business model has enabled us to execute our plans well and continue offering compelling value for money to customers. As a result, we have sustained the step up in sales and profit compared to pre-pandemic levels. To all colleagues across the Group who helped make that happen, I extend my sincere thanks.

The retail industry is facing inflationary pressures whilst our customers are having to cope with a significant increase in the cost of living, making spending behaviour in the year ahead difficult to predict. However, we have seen before that during such times customers will increasingly seek out value for money, and B&M is ideally placed to serve those needs. As such, we are well positioned to support the communities in which we trade and continue our long-term growth strategy."

Financial Results

	FY22	FY21	Change
Number of Stores			
Group	1,119	1,091	+2.6%
B&M UK	701	681	+2.9%
Heron Foods	311	306	+1.6%
France	107	104	+2.9%
Total Group revenues	£4,673m	£4,801m	(2.7)%
B&M UK	£3,909m	£4,078m	(4.1)%
Heron Foods	£411m	£415m	(0.9)%
France	£353m	£309m	+14.2%
Total Group revenues at constant currency[1]	-	-	(2.4)%
Group adjusted EBITDA[4]	£619m	£626m	(1.2)%
B&M UK[2]	£564m	£591m	(4.5)%
Heron Foods	£23m	£25m	(8.1)%
France	£32m	£11m	+191.6%
Group adjusted EBITDA[4] margin %	13.2%	13.0%	+20 bps
Group statutory profit before tax	£525m	£525m	(0.1)%
Group adjusted profit before tax[4]	£524m	£540m	(3.0)%
Statutory diluted EPS	42.1p	42.7p	(1.4)%

Adjusted diluted EPS[4]	41.6p	43.4p	(4.2)%
Ordinary dividends[6]	16.5p	17.3p	(4.6)%

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 profit of £1m (FY21: loss of £(2)m).

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 note 3 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 £790m at the year end, reflecting £963m as the carrying value of gross debt netted against £173m of cash. See notes 17, 20 and 27 of the financial statements for more details.

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 from the sale of any of those items. These exclude IFRS16 lease liabilities.

Results Presentation

An in-person presentation for analysts in relation to these FY22 Preliminary Results will be held today at 08:30 am (UK) at Bank of America Merrill Lynch, 2 King Edward St, London EC1A 1HQ. Attendance is by invitation only.

A simultaneous live audio webcast and presentation will be available via the B&M corporate website at www.bandmretail.com/investors/presentations/year/2022

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Notes to editors
B&M European Value Retail S.A. is a variety retailer with 701 stores in the UK operating under the "B&M" brand, 311 stores under the "Heron Foods" and "B&M Express" brands, and 107 stores in France also operating under the "B&M" brand as at 26 March 2022. 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

Becoming an even better retailer

Over the past two years B&M has, like all businesses, had to adapt to a rapidly changing world. I am very proud of the way in which we have responded to those ongoing challenges and continued delivering against our purpose; to provide customers with great value for money so that they keep returning to our stores. At the same time, we have maintained a very strong financial performance with both sales and profit being significantly ahead of pre-pandemic levels.

Reflecting on a remarkable period of growth for the Group, I am convinced that our experiences have made us an even better retailer than we were prior to the pandemic. In that time the core B&M UK business has acquired, and most importantly *retained*, a number of new customers, and this provides an exciting platform from which to continue taking market share across a number of product categories.

In France, the B&M brand has been well received, the financial performance is much improved and the business is unrecognisable to the one we acquired in 2018 in terms of customer proposition. For Heron Foods, what began as a more challenging period in FY22 ended with strong momentum and we continue to regard that business as being a good strategic fit, albeit of relatively modest size in the context of the overall Group.

The strength and resilience of our business model continues to be a key differentiator and has enabled us to continue offering compelling value for money to customers. In particular, our robust supply chains, simple operations and speed of decision making have all helped the Group respond decisively and effectively in FY22. This is perhaps best illustrated by the two-year like-for-like[3] sales growth of 13.0% in the core B&M UK business, which was relatively consistent throughout large parts of the year despite changing external conditions and global supply chain disruption.

The 701 B&M UK stores are mostly located in Out of Town retail parks, making them somewhat insulated from the structural footfall decline in town centres and secondary malls. Moreover, given recent successes in key seasonal categories such as Gardening and Christmas, it would appear that our larger B&M Homestores are increasingly regarded as a 'destination' visit for many customers. This is important, since it helps to reinforce customer loyalty and affection towards the B&M brand.

Looking ahead, it remains difficult to accurately predict the net impact a number of different factors could have on the business. These include, but are not limited to, the impact of rising inflation on product cost prices and consumer spending, plus the extent of further normalisation in customer behaviour as we emerge from the pandemic.

Our discounted food and FMCG products should appeal to lower-income households who are likely to be disproportionally affected by the rising cost of living, and may also benefit from increased demand as a result of new customers switching to B&M as they look for greater value for money.

In General Merchandise, which has seen consecutive years of very strong growth both in terms of sales and margin, we accept that the outlook is more uncertain. That said, the range of categories we offer are at affordable price points and the semi-essential nature of many of these products all provide reasons to believe we will continue to perform well within the overall market.

Given the positioning of the B&M UK business together with the attractive growth prospects in France, we can look to the future with a sense of cautious optimism and a clear focus on providing customers with great value for money and, as a consequence, gain further market share.

Financial performance

Due to the highly elevated sales comparatives due to prolonged periods of lockdown in FY21, the most meaningful measure of performance for the core B&M UK business this year has been the two-year like-for-like[3] ("LFL") growth versus the pre-pandemic levels of FY20. On that basis, growth of 13.0% means that store sales densities remain significantly higher than before the pandemic and suggests we have retained the loyalty of many new customers acquired last year.

Most product categories delivered double-digit LFL growth over that two-year period, with notable strength seen in General Merchandise ranges where the business ensured good stock availability and was able to meet strong customer demand.

Due to this relative out-performance in General Merchandise, B&M UK gross margin benefited from another small step up this year. Strong execution from the buying teams and a limited requirement for markdown activity given the good level of sell-through on Seasonal categories contributed to gross margin expanding 52 bps year-on-year.

Diligent cost control enabled much of the operating leverage delivered last year to be retained, resulting in a strong adjusted EBITDA[4] margin of 14.4% on a pre-IFRS16 basis. Whilst this represented a marginal decrease of (6) bps from the 14.5% delivered last year, it remains significantly above the EBITDA margin from FY20.

In Heron Foods, LFL sales performance steadily improved throughout the year as the comparatives from FY21 eased. As such, the EBITDA result was similar to last year and profit margin was broadly maintained, representing a robust outcome for FY22 as a whole.

In France, the business exceeded expectations in FY22. The local management team have made considerable progress over the past two years, implementing important strategic changes whilst at the same time navigating various impacts from the pandemic. An outturn of £32m adjusted EBITDA[4] at a margin of 9.2% was a very pleasing result and is affirmation that the B&M proposition can be successful in France.

Overall, although Group adjusted EBITDA[4] declined very slightly year-on-year, results for FY22 demonstrate a sustained step up in profitability compared to pre-pandemic levels. Alongside this, the Group remained highly cash generative and has continued to use this cash effectively in line with its capital allocation framework.

Current trading and outlook

Given the impact of the pandemic at the start of both FY21 and FY22, assessing current trading is challenging with both the one-year and two-year like-for-like[3] comparisons significantly complicated by restrictions in place during both comparative periods. The B&M UK LFL sales performance over the first 8 weeks of FY23 has been (13.2)% and (11.5)% versus FY22 and FY21 respectively.

During this current period we consider a three-year measure to be helpful in gauging the underlying sales performance of the business. Compared to pre-pandemic levels of 2019, the three-year LFL performance since the start of the new financial year was +7.7% in April 2022, with an improvement to +10.9% in the first 3 weeks of May 2022. Trading patterns are expected to remain unpredictable in the year ahead. In particular, the elasticity between volume and price on General Merchandise is difficult to predict, as is the demand at individual category level.

With respect to gross margin, the past two years have seen very limited end of season markdown activity on Seasonal categories, due to the high rate of sell-through. Looking into FY23, some level of markdowns are expected to return and there may be an adverse impact from category mix as customers shift spending away from more discretionary higher margin General Merchandise categories in favour of Food and FMCG products. As a result of this gross margin dilution, B&M UK adjusted EBITDA[4] margin is expected to step back between 70 to 130 bps but to remain structurally higher than pre-pandemic levels.

Elsewhere in the Group there is a positive outlook for Heron Foods, where inflation in food prices and a return to normal footfall levels should be supportive of revenues. In France, further development of the customer proposition as the brand becomes better known should also help deliver continued strong LFL sales growth and further growth in EBITDA following last year's pleasing performance.

Operating costs remain tightly controlled across the Group with freight costs competitively positioned for the year ahead and a flexible and low-cost store labour model. Fuel and energy costs collectively represented less than 1.0% of FY22 revenues.

In terms of store growth, the Group will remain disciplined when choosing new sites to ensure returns are maximised, with the quality of new locations just as important as quantity. The Group currently expects gross new store openings across each business in FY23 to be approximately 40 for B&M UK, 15 for Heron Foods and 6 in France.

Given the uncertain macroeconomic outlook, it is difficult to predict the net impact of a number of factors such as customer down-trading, category mix shift and the impact of inflation on sales volumes. However, the Group remains well positioned to continue offering great value-for-money across a wide range of categories. In the core B&M UK business, price competitiveness remains very strong. On a basket of c.550 Food and FMCG items, the Group's latest internal price comparison suggests B&M is about 15% cheaper on average than mainstream supermarket competitors.

Furthermore, 93% of all products sold at B&M are less than £20, making it less exposed to any sharp reductions in spending on higher ticket items.

Notwithstanding the many and varied uncertainties and headwinds which are likely to impact on our trading performance during FY23, at this early stage in the year Group adjusted EBITDA[4] is expected to be in the range of £550m to £600m, significantly ahead of the FY20 pre-pandemic level of £342m.

Longer-term, the growth prospects both in the UK and in France are highly attractive. The Group is committed to a rollout target of at least 950 B&M UK stores and continued geographic expansion of the Heron Foods convenience store chain. In France, with strong foundations now in place and the ongoing development of operational competencies, the pace of organic growth is expected to step up from FY24 onwards.

Strategic development

The Group executed its plans well throughout FY22. Despite a challenging and unpredictable macroeconomic backdrop, the B&M business model proved very capable of responding to changing conditions and enabled strong progress to be made against its long term strategy.

1. Delivering great value to our customers

B&M's purpose is to deliver great value to customers so that they keep returning to our stores time and time again. This purpose is as compelling now as it has ever been, given the inflationary pressures currently being felt by consumers.

The B&M price competitiveness is driven by a relentless focus on buying large volumes of a limited assortment of best-selling items, sourcing these products direct from manufacturers and keeping costs low. Not only does this approach allow the business to pass cost savings on to customers, but it also keeps operations simple, agile and responsive.

Retaining the loyalty of customers who discovered B&M during FY21 was a key objective over the past year. The best way to achieve this was to ensure the business had good availability of the right products at the best possible prices, be that the leading household brand names or our private label ranges across General Merchandise categories.

Given the two-year like-for-like[3] sales growth of 13.0% in FY22, it would appear that many new customers from last year have found the B&M proposition compelling and continued to visit stores. This is also validated when looking at the cohorts of new customers previously identified in FY21. Based on Barclaycard transaction analysis from the month of acquisition in FY21 to the end of FY22, 78% of those new shoppers have visited B&M again since their initial visit. Moreover, the demographic profile of customers who have demonstrated the greatest propensity to return is that of a low to middle income family, underpinning the attractiveness of the B&M value for money proposition to a customer type that represents a significant part of the total UK population.

The 'treasure hunt' remains an essential part of the customer appeal, and this is true whether shoppers need a bargain or just enjoy one. It's also likely to be a reason why the B&M brand is increasingly well loved. According to a national survey of over 96,000 consumers published by BrandVue in March 2022, B&M was ranked the UK's 9th most loved retail brand overall, and placed 3rd within the Home category.

It also revealed that affinity was particularly strong amongst younger generations such as 'Gen Z' and 'Millennials', providing reason to be optimistic regarding long term prospects given the potential for these customers to be loyal B&M shoppers for their families for many years to come. Success in categories such as Toys, where B&M was awarded "Multiple Toy Retailer of the Year" at the Toy Industry Awards this year, further illustrates the appeal of a bricks and mortar discounter such as B&M.

At category level, sales performance was relatively broad based throughout FY22. Certain General Merchandise ranges proved particularly popular, with key seasonal ranges such as Gardening and Christmas delivering record performances. Strong sell-through also delivered a gross margin benefit due to end of season markdown activity being limited. These seasonal categories are important for long term customer retention since they reinforce B&Ms position as a destination visit for such items year after year and in a category where our model is at its most disruptive.

Success in these Seasonal categories was made possible due to the decisive action taken in response to global supply chain disruption, where the business ensured strong on-shelf availability by taking receipt of stock earlier than normal. This approach has also been adopted in relation to Spring/Summer 2022 Seasonal stock, and is likely to continue until disruption subsides.

Given the rising cost of living and the extent to which it will likely impact certain demographics more than others, the B&M proposition of making everyday items affordable should continue to resonate strongly with customers.

2. Investing in new stores

In the core B&M UK fascia 34 gross new stores were opened during FY22, of which 2 were relocated stores and a further 12 stores were closed. The closures generally represent early generation stores coming to the end of leases and where a larger, modern store had already been opened in the same catchment in a previous financial year. In total there was a net increase of 20 stores, growing the B&M UK portfolio to 701.

New store openings continue to be accretive to Group profitability with recent cohorts typically outperforming the company average, and that includes when re-locating an existing store. Importantly, although relocations and closures do not contribute to the net increase in store numbers year-on-year, they do provide an uplift to overall estate profitability both in terms of absolute profit and profit margin.

The B&M UK business expects to open approximately 40 gross new stores in FY23 and the recently lifted moratorium on tenant evictions should support the current pipeline of opportunities. It is possible that incremental opportunities to add space could arise should the retail industry see capacity withdrawal as a consequence of the current cost of living pressures. However, the business remains very selective when appraising a potential new site so as not to risk diluting profit margins, as evidenced by the above-average contribution margin of recent years' cohorts as noted above.

Longer term, there remains a long runway of growth in the UK, with the potential for at least 950 B&M fascia stores in total. Based on the current estate of 701 stores, an estimated 38% of the UK population still live over 3 miles from a B&M store. As such, given the increased sales densities and broadening demographic appeal of B&M over the past two years, this long term target increasingly looks like a conservative estimate.

The discount convenience store business, Heron Foods, opened a total of 16 gross new stores and closed 11 stores during the year, growing the estate to 311 stores. The closures included 5 relocations where there was an opportunity to move to a more attractive site within the same local catchment area. The remaining 6 closures represented stores that previously traded under the 'Cooltrader' brand that were inherited when acquiring the Heron Foods business but were in sub-optimal or unprofitable locations.

Heron Foods stores are only c.3,000 sq ft on average, serve a very localised customer base and extend over a smaller geographic footprint compared to the B&M fascia. As such, due to the nature of locations required and the practicalities of distributing chilled and frozen food, the rate of growth will always be slower. There should be around 15 gross new store openings again in FY23, with a similarly paced rollout in future years.

In France the focus in FY22 has been on re-branding the existing estate rather than opening new stores, and all stores are now branded B&M. That said, the business was able to open 3 opportunistic new stores, taking the estate to 107 stores as of the year-end.

3. Developing our international business

FY22 has been a year of excellent progress in France, both financially and operationally.

The two-year LFL sales growth was +21% for the full year, demonstrating the success of store layout and product changes made during that time. The adjusted EBITDA[4] outturn of £32m and profit margin of 9.2% represents a very strong result, particularly in the context of France being loss-making as recently as FY20. Such performance provides a firm foundation from which to grow organically in FY23 and beyond.

With the fascia re-branding programme complete and Clothing & Footwear representing only c.12% of the sales mix in FY22, these two strategic priorities have been executed well by the French management team. There will be ongoing refinements in FY23 to the product mix, for example, growing the range of FMCG to help drive footfall, but the priority for the year ahead is very much on further improving overall store standards, consistency and operational competencies.

As part of that focus, there will be further trials of a company operated model in France, with any new store openings in FY23 falling under this structure rather than the mandated manager model inherited when acquiring the French business. This will look to replicate the store operating model of B&M in the UK, where all colleagues are employed directly and B&M has complete control over the store's operations. To assist with these changes, experienced members of the UK store operations team are currently on secondment in France.

Such has been the progress this year, there is a strong conviction that the B&M proposition can be successful in France. In particular, the Board now has the confidence to begin a steady rollout of new stores. This will be undertaken slowly initially, with approximately 6 new stores in FY23, but is expected to increase in outer years.

Given both the plans for FY23 outlined above and the long term growth potential in France, no other international geographies are currently being evaluated so as to not risk management distraction.

4. Investing in our people and infrastructure

Developing colleagues remains crucial to the Group's ongoing success and forms an important part of the new ESG strategy approved by the Board this year. The well-established "Step-Up" training programme saw 91 colleagues promoted into store management roles this year, whilst a new "Warehouse to Wheels" initiative aimed at offering training opportunities for warehouse colleagues to become HGV drivers was also developed.

Through the new store opening programme, over 650 new retail jobs were created in the UK. B&M also supported almost 3,000 colleagues 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 144 colleagues were enrolled onto various apprenticeships.

The B&M website has not historically been transactional, instead acting as a footfall driver into stores and a channel through which to engage with an online community of customers. All that remains true. However, at the time of writing an online home delivery service will shortly be launched on a limited range of items. This trial will ultimately extend across c.1,000 SKUs representing in part bulkier or higher ticket General Merchandise items which customers cannot always easily transport home from stores themselves or products that do not require disproportionate mail order packaging. Given the disruptive B&M price position, the business believes this could prove an attractive proposition for customers. However, it remains open minded as to the long term potential of the trial, and a 'test and learn' approach will be adopted over the coming months as customer response is closely monitored.

The existing network of five main B&M UK Distribution Centres remains adequate to service current sales volumes and as such no large-scale capital investment in additional capacity is anticipated in the near term. Over the medium term, the Group's infrastructure requirements will depend on the rate and geographical spread of new store openings alongside ongoing development of the supply chain. The Group does not have plans for capital intensive development projects and prefers to lease any such additional capacity in line with its capital light model.

The transport operation is also operated in-house, remains well invested and scalable. The main area of investment in FY22 was with regards to IT infrastructure and applications, where various projects were carefully selected to underpin the continued growth of the Group.

Environmental, Social & Governance

The Group recognises the growing importance of Environmental, Social & Governance ("ESG") actions and reporting to all stakeholders and has made significant progress in developing its approach over the past 12 months. Following extensive consideration, the Board formally approved its first ESG strategy this year.

In developing this strategy, the Group has sought to strike a balance between being sufficiently ambitious, reflecting the step change in performance over the past two years, but also ensuring these ambitions are appropriate for a business such as B&M, being a variety goods value retailer focused on long term sustainable growth.

The strategy has been built around four pillars designed to help make the business stronger and more resilient whilst underpinning the Group's purpose of delivering great value to customers. These pillars, and relevant highlights from FY22, are as follows:

<u>Environment</u>

- Reduced the Groups carbon intensity for Scope 1 and 2 emissions, with the FY22 ratio over 50% lower than 5 years ago;
- Committed to a science-based target of reducing Scope 1 & 2 carbon emissions by 25% by 2030, and a supplier engagement target for Scope 3 carbon emissions.

<u>Colleagues</u>

- Acknowledged the dedication and hard work of over 24,000 colleagues by awarding an extra week's wages in January 2022;

- Continued development of own talent through the “Step-Up” programme, promoting 91 colleagues to B&M Deputy and Store Manager positions.

<u>Communities</u>

- Extended the reach of the B&M value for money proposition to new communities by opening 54 gross new stores across the Group;
- Created over 650 new retail jobs in the UK, in addition to almost 3,000 placements under the governments “Kickstart” scheme and 144 colleagues enrolled on various apprenticeship programmes;

<u>Supply Chain</u>

- Ongoing investment in ethical trading audit procedures, with no instances of non-compliance identified;
- Continued to treat all suppliers fairly, with average payment terms of only 16 days, and worked collaboratively in supporting various sustainability initiatives.

To complement the launch of the ESG strategy, a standalone ESG report will be published for the first time this year and will provide further detail, including relevant metrics, targets and initiatives. In addition, a new Sustainability Manager role was created in FY22, with the role being filled by an internal candidate, clearly aligning with the “Colleague” pillar of the strategy.

The Board is pleased with the progress made with regards to the ESG strategy in FY22, but also acknowledges that it will need to evolve over time. In that regard, progress will be overseen collectively as a full Board rather than by delegating to any sub-committee.

On a personal note

The Group has today announced Alex Russo as my successor as CEO. While the change will not take place just yet, this is my valedictory Chief Executive annual review, so I apologise for the indulgence of penning a few personal words.

My decision to step down as CEO during the next year evoked similar feelings to when my wife and I became ‘empty nesters’ when our two daughters recently left home for college or to pursue a career. There is a touch of sadness but the overwhelming emotion is one of pride.

The numbers so easily trip off the tongue. From a purchase price of £525,000 in December 2004 to becoming a constituent of the FTSE100 index in September 2020. From 21 shops in the North of England to now over 1,100 stores across the UK and France. From having 500 colleagues to now a family of 38,000 wonderful people.

However, none of these numbers capture the real essence of it.

What has made this journey so incredibly rewarding is the hard work, ambition and loyalty of my colleagues who all share a willingness to work hard. This work ethic operates at all levels and we celebrate it.

We also have ambition. We desperately want to win and our culture of trust allows us to do so. We trust each other to be honest and open. If something goes wrong, we don’t hide from it or ‘play the blame game’. Instead we learn from that mistake and make sure it isn’t repeated.

Finally, we reward loyalty and commitment. We promote from within, it’s our home-grown entrepreneurial culture, coupled with an ability to operate ‘at B&M speed’, that gives us an edge over the competition.

These values didn’t come about by me dreaming them up, seated at my desk. They evolved organically, through the actions every day, seven days a week, of the many thousands of loyal colleagues who have built B&M into what it is today. My role has been simply to create the environment in which these wonderfully talented and hard-working retailers could thrive.

I wish Alex every success in preserving and building upon these values when he takes over the role. If we stay true to them, B&M has a prosperous future for many decades to come. Like for my daughters, I view that future with a quiet optimism. I will be working hard in my remaining period as CEO to ensure the transition is smooth and that Alex is successful.

Finally, I would like to thank all our stakeholders for your support and engagement over the wonderful last 17 years. I am very grateful and look forward to thanking as many of you as possible in person over the coming months.

Simon Arora
Chief Executive Officer
30 May 2022

Financial Review

Accounting period

The current accounting period represents the 52 weeks trading to 26 March 2022 ("FY22") and the comparative period represents the 52 weeks to 27 March 2021 ("FY21").

The Group financial statements have been prepared in accordance with IFRS and are reported as such. Underlying figures presented before the impact of IFRS16 continue to be reported where they are relevant to understanding the performance of the Group and to aid comparability with previous years.

Financial performance

Group

Total Group revenue in FY22 was £4,673m (FY21: £4,801m), representing a year-on-year decrease of (2.7)%. On a constant currency basis[1], revenues decreased by (2.4)%.

Group adjusted gross margin[4] was 37.5% (FY21: 36.7%), an increase of 77 bps driven by performance in the core B&M UK business. Group adjusted operating costs[4], excluding depreciation and amortisation, remained broadly flat year-on-year at £1,133m (FY21: £1,137m). Depreciation and amortisation (excluding the impact of IFRS16 and adjusting items) increased 5.4% to £66m (FY21: £62m), largely due to ongoing investment in new stores across all fascias.

Group adjusted EBITDA[4], stated on a pre-IFRS16 basis, decreased slightly by (1.2)% to £619m (FY21: £626m) reflecting the exceptional nature of the prior year but nonetheless representing a strong outcome for FY22, being 80.8% higher than FY20. Group adjusted EBITDA[4] margin increased slightly year-on-year due to the accretive contribution from France, and when compared to pre-pandemic levels of FY20 has expanded 427 bps over that two-year period.

On a post-IFRS16 basis, Group adjusted EBITDA[4] was £828m (FY21: £834m) which represented an adjusted EBITDA[4] margin of 17.7% (FY21: 17.4%).

An adjusted EBITDA[4] is reported to allow investors to better understand the underlying performance of the business. The adjusting items are detailed in note 3 of the financial statements, and totalled £12m this year (FY21: £(3)m).

B&M UK

In the UK, total B&M revenues decreased by (4.1)% to £3,909m (FY21: £4,078m), with the annualisation of revenues from the 43 gross new store openings in FY21 and contribution from the 34 gross new store openings this year offsetting some but not all of the one-year like-for-like[3] ("LFL") revenue decline of (9.0)%.

On a two-year basis versus pre-pandemic levels of FY20, which is considered to be a more meaningful measure of performance this year, LFL revenues were 13.0% higher this year. This represents a significant increase in store sales densities, with the business having been successful in retaining the loyalty of many customers who discovered B&M during the prior year. Although the two-year LFL in the final quarter of the financial year was lower than the run rate during the first three quarters, this was expected due to the impact of the panic buying of essential products in March 2020 at the start of the pandemic.

At category level, the two-year LFL performance has been broad based. Demand for essential food and FMCG items has remained steady, whilst certain General Merchandise ranges have performed particularly well and provided a small year-on-year gross margin benefit. The average transaction value remains relatively modest at c.£18 due to the nature of the product ranges sold by B&M.

There were 34 gross new store openings and 14 closures in FY22, with 2 of those closures being relocations. New store openings continue to deliver strong returns on investment, with no maturity period required and recent cohorts typically delivering a higher store contribution margin than the company average, meaning the rollout programme remains supportive of profit margins.

In addition to revenue generated in-store, wholesale revenue remained relatively consistent at £45m (FY21: £47m). Most of this represents sales made to the associate Centz Retail Holdings Limited, a chain of 45 variety goods stores in the Republic of Ireland.

B&M UK gross margin expanded slightly by 52 bps to 37.4% (FY21: 36.9%) and was relatively consistent across both H1 and H2, such was the performance of the Spring/Summer and Christmas seasonal ranges respectively. In particular, the gross margin outturn for FY22 reflects the impact of inflation in freight rates from the start of 2022, which has been manageable. The business continues to enjoy a long-standing relationship with its shipping partner used for transporting General Merchandise goods out of Asia, and believes itself to be relatively well positioned versus competitors in this regard.

Adjusted operating costs[4], excluding depreciation and amortisation, decreased by (1.6)% to £899m (FY21: £914m). These costs represented 23.0% of revenues (FY21: 22.4%), a small increase of 58 bps due to the LFL revenue decline on a one-year basis. However, when comparing this to FY20 when operating costs were 23.4% of revenues, there has been an improvement of 40 bps over that two-year period driven by the operating leverage achieved on significantly higher sales densities.

In terms of store related costs, colleague wages and salaries as a proportion of sales have remained flat year-on-year at c.9%, while rental costs have also been stable and very competitively positioned. Variable transport and distribution costs increased marginally as a percentage of revenues due to targeted investment in HGV driver wages early in the year. Energy costs related to utilities represent less than 1% of store revenues and continue to be tightly managed, supported by the ongoing rollout of energy reduction initiatives such as LED lighting and a Building Energy Management System.

Adjusted EBITDA[4] for the B&M UK business decreased by (4.5)% to £564m (FY21: £591m) and the adjusted EBITDA[4] margin decreased slightly by (6) bps to 14.4% (FY21: 14.5%). However, both remain significantly above historical levels.

<u>Heron Foods</u>

In the discount convenience chain, Heron Foods, revenues fell slightly to £411m (FY21: £415m). This reflects the impact of annualising against the highly elevated comparatives from last year when the business benefitted from lockdown induced shopping behaviour, particularly with regards to Frozen food. The revenue contributed by the annualisation of new stores broadly offset a year-on-year LFL decline, although this steadily improved throughout FY22 and was positive in the final quarter.

Gross margin in Heron Foods remained broadly flat versus FY21 despite the supply environment for Frozen and Chilled food proving somewhat challenging over the past 12 months.

Operating costs remained well controlled, increasing marginally as a percentage of revenues to 26.1% (FY21: 25.5%) due to investment in store wages.

Heron Foods adjusted EBITDA[4] decreased to £23m (FY21: £25m) and the adjusted EBITDA[4] margin declined by (43) bps to 5.5% (FY21: 5.9%), representing a satisfactory result for the year.

<u>France</u>

In the French business, revenues increased by 14.2% to £353m (FY21: £309m), reflecting the strong progress made in FY22. Performance in categories such as Homewares, Indoor Furniture and Giftwares was particularly strong, having been given greater prominence in store due to the re-merchandising which has taken place alongside the fascia re-branding programme.

Gross margin improved again year-on-year, driven by further planned rationalisation of Clothing and an increase in the sales participation from higher margin General Merchandise categories.

Given the focus on improving operational consistency across the French estate this year, there was an improvement of 190 bps in operating costs as a percentage of sales to 36.1% (FY21: 38.0%).

Adjusted EBITDA[4] increased significantly to £32m (FY21: £11m), with an adjusted EBITDA[4] margin of 9.2% (FY21: 3.6%). This represents a considerable turnaround for the business and should provide a strong platform for future growth in France.

Depreciation and amortisation

Depreciation and amortisation expenses, excluding the impact of IFRS16, grew by 5.4% to £66m (FY21: £62m), representing only 1.4% of sales (FY21: 1.3%). The increase was largely due to continued investment in new stores across all fascias, with the Group growing the store estate by 2.6% in the year.

The additional depreciation and amortisation charge relating to lease liabilities under IFRS16 was £161m (FY21: £153m).

Finance expense

Adjusted net finance charges[4] for the year, excluding IFRS16, were £29m (FY21: £24m). This included bank and high yield bond interest of £27m (FY21: £22m) and amortised fees of £2m (FY21: £2m). The higher interest charge relates to the issue of a new £250m High Yield Bond in November 2021.

The interest charge relating to lease liabilities under IFRS16 was £59m (FY21: £61m).

Profit before tax

Statutory profit before tax was £525m (FY21: £525m). An adjusted profit before tax[4] is also reported to allow investors to better understand the operating performance of the business (see note 3 of the financial statements). Adjusted profit before tax[4] for the year decreased slightly to £524m (FY21: £540m).

The impact of IFRS16 on the Group financial statements was to decrease statutory profit before tax by £11m.

Taxation

The tax charge in FY22 was £103m (FY21: £97m), representing an effective tax rate of 19.6%. We expect the tax rate going forward to reflect the blended rate of taxes in the countries in which we operate. This is currently 19% in the UK and 27.5% in France, although the UK Corporation Tax rate is scheduled to increase to 25% from FY24 onwards.

As a Group, we are committed to paying the right tax in the territories in which we operate. The B&M UK business paid taxes totalling £517m in FY22, including £245m 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 £272m 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 was £422m (FY21: £428m) and the statutory diluted earnings per share was 42.1p (FY21: 42.7p).

Adjusted profit after tax[4], which we consider to be a better measure of performance for the reasons outlined above, was £417m (FY21: £435m), and the adjusted fully diluted earnings per share[4] was 41.6p (FY21: 43.4p).

Investing activities

Group net capital expenditure[7] totalled £85m this year (FY21: £81m). Investment included £34m spent on 54 gross new stores across the Groups fascia's (FY21: £43m on 65 stores) and £8m on infrastructure projects to support the continued growth of the business (FY21: £8m). There was also investment of £42m on maintenance works to ensure that our existing store estate and warehouses are appropriately invested (FY21: £22m), with the year-on-year increase largely driven by the fascia re-branding programme in France. There was also a net expenditure of £1m relating to a small number of freehold acquisitions and disposals (FY21: net expenditure of £8m).

Net debt and cash flow

The Group continues to be highly cash generative, with cash generated from operations of £598m (FY21: £944m). This is lower than the prior year, largely due to investment in working capital with regards to Spring/Summer seasonal stock. Such stock has been deliberately receipted earlier than normal to ensure strong availability. It is also being sold through more evenly across the season compared to the highly elevated demand seen in March and April 2021, which impacted the normal working capital cycle and created an inflow at the FY21 year-end.

The strong performance and cash generation have enabled the Group to pay dividends totalling £430m[6] in FY22. This includes a £250m[6] special dividend paid in January 2022.

Net debt[5] (on a pre-IFRS16 basis), increased to £790m (FY21: £519m). The net debt[5] to adjusted EBITDA[4] leverage ratio was 1.3x (FY21: 0.8x), 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 issued an additional £250m High Yield Bond in November

2021 which matures in November 2028. The French business also repaid the remaining balance of €25m relating to the French Government-backed loan facility scheme that was initially made available in FY21 due to the disruption caused by Covid-19. See note 20 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 5.0p[6] per share in addition to a special dividend of 25.0p[6] per share. Subject to approval by shareholders at the AGM on 28 July 2022, a final ordinary dividend of 11.5p[6] per share is to be paid on 5 August 2022 to shareholders on the register of the Company at the close of business on 1 July 2022. The ex-dividend date will be 30 June 2022.

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 macroeconomic uncertainties, the Group has continued to be highly 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
30 May 2022

Consolidated Statement of Comprehensive Income

Period ended	Note	**52 weeks ended 26 March 2022 £'m**	Restated* 52 weeks ended 27 March 2021 £'m
Revenue	2	**4,673**	4,801
Cost of sales		**(2,921)**	(3,031)
Gross profit		**1,752**	1,770
Administrative expenses		**(1,142)**	(1,157)
Operating profit	4	**610**	613
Share of profits in associates	11	**3**	2
Profit on ordinary activities before net finance costs and tax		**613**	615
Finance costs on lease liabilities	5	**(59)**	(61)
Other finance costs	5	**(29)**	(29)
Finance income	5	**0**	0
Profit on ordinary activities before tax		**525**	525
Income tax expense	9	**(103)**	(97)
Profit for the period	2	**422**	428
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on retranslation of subsidiary and associate investments		**(2)**	(1)
Fair value movement as recorded in the hedging reserve		**20**	(26)
Tax effect of other comprehensive income	9	**(4)**	5
Total other comprehensive income		**14**	(22)
Total comprehensive income for the period		**436**	406
Earnings per share			
Basic earnings per share attributable to ordinary equity holders (pence)	10	**42.2**	42.8
Diluted earnings per share attributable to ordinary equity holders (pence)	10	**42.1**	42.7

* Other comprehensive income has been restated in 2021 to remove the effect of the hedging gains and losses transferred to inventories. These are recorded directly in the consolidated statement of changes in equity. See note 1.

All profit and other comprehensive income is attributable to the owners of the parent.

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

Consolidated Statement of Financial Position

As at	Note	**26 March 2022 £'m**	27 March 2021 £'m
Assets			
Non-current			
Goodwill	12	**920**	921
Intangible assets	12	**120**	118
Property, plant and equipment	13	**363**	336
Right of use assets	14	**1,066**	1,071
Investments in associates	11	**8**	4
Other receivables	16	**7**	7
Deferred tax asset	9	**31**	32
		2,515	2,489
Current assets			
Cash at bank and in hand	17	**173**	218
Inventories	15	**863**	605
Trade and other receivables	16	**53**	42
Income tax receivable		**9**	-
Other financial assets	19	**25**	4
		1,123	869
Total assets		**3,638**	3,358
Equity			
Share capital	22	**(100)**	(100)
Share premium		**(2,476)**	(2,475)
Retained earnings		**(121)**	(128)
Hedging reserve		**(13)**	8
Legal reserve		**(10)**	(10)
Merger reserve		**1,979**	1,979
Foreign exchange reserve		**(5)**	(7)
		(746)	(733)
Non-current liabilities			
Interest bearing loans and borrowings	20	**(950)**	(723)
Lease liabilities	14	**(1,140)**	(1,139)
Deferred tax liabilities	9	**(43)**	(27)
Provisions	21	**(4)**	(5)
		(2,137)	(1,894)
Current liabilities			
Interest bearing loans and borrowings	20	**(6)**	(7)
Trade and other payables	18	**(564)**	(524)
Lease liabilities	14	**(170)**	(163)
Other financial liabilities	19	**(0)**	(16)
Income tax payable		**(4)**	(13)
Provisions	21	**(11)**	(8)
		(755)	(731)
Total liabilities		**(2,892)**	(2,625)
Total equity and liabilities		**(3,638)**	(3,358)

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 30 May 2022 and signed on their behalf by:

Simon Arora, Chief Executive Officer.

Consolidated Statement of Changes in Shareholders' Equity

	Share capital £'m	Share premium £'m	Retained earnings £'m	Hedging reserve £'m	Legal reserve £'m	Merger reserve £'m	Foreign exchange reserve £'m	Total equity £'m
Balance at 28 March 2020	100	2,474	245	9	10	(1,979)	8	867
Ordinary dividends declared	-	-	(97)	-	-	-	-	(97)
Special dividends declared	-	-	(450)	-	-	-	-	(450)
Effect of share options	0	1	1	-	-	-	-	2
Total transactions with owners	0	1	(546)	-	-	-	-	(545)
Profit for the period	-	-	428	-	-	-	-	428
Other comprehensive income (restated*)	-	-	1	(22)	-	-	(1)	(22)
Total comprehensive income for the period	-	-	429	(22)	-	-	(1)	406
Hedging gains & losses reclassified as inventory (restated*)	-	-	-	5	-	-	-	5
Balance at 27 March 2021	100	2,475	128	(8)	10	(1,979)	7	733
Ordinary dividends declared	**-**	**-**	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Special dividends declared	**-**	**-**	**(250)**	**-**	**-**	**-**	**-**	**(250)**
Effect of share options	**0**	**1**	**1**	**-**	**-**	**-**	**-**	**2**
Total transactions with owners	**0**	**1**	**(429)**	**-**	**-**	**-**	**-**	**(428)**
Profit for the period	**-**	**-**	**422**	**-**	**-**	**-**	**-**	**422**
Other comprehensive income	**-**	**-**	**-**	**16**	**-**	**-**	**(2)**	**14**
Total comprehensive income for the period	**-**	**-**	**422**	**16**	**-**	**-**	**(2)**	**436**
Hedging gains & losses reclassified as inventory	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**5**
Balance at 26 March 2022	**100**	**2,476**	**121**	**13**	**10**	**(1,979)**	**5**	**746**

* Other comprehensive income, total comprehensive income and hedging gains & losses reclassified as inventory have been restated in 2021 to remove the effect of the hedging gains and losses transferred to inventories. These are recorded directly in the consolidated statement of changes in equity. See note 1.

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 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Cash flows from operating activities			
Cash generated from operations	23	**598**	944
Income tax paid		**(107)**	(117)
Net cash flows from operating activities		**491**	827
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(96)**	(87)
Purchase of intangible assets	12	**(4)**	(1)
Business disposal net of cash disposed		**-**	9
Disposal of interest in associated company	11	**-**	0
Proceeds from sale of property, plant and equipment		**15**	7
Finance income received		**0**	0
Dividends received from associates	11	**-**	2
Net cash flows from investing activities		**(85)**	(70)
Cash flows from financing activities			
Receipt of newly issued corporate bonds	20	**250**	400
Repayment of previously issued corporate bonds	20	**-**	(250)
Receipt of term loan facilities	20	**-**	300
Repayment of term loan facilities	20	**-**	(300)
Repayment of acquisition loan facility	20	**-**	(82)
Net repayment of Group revolving bank loans	20	**-**	(120)
Net repayment of Heron facilities	20	**(4)**	(5)
Net (repayment)/receipt of government backed loan in France	20	**(22)**	23
Net receipt/(repayment) of other French facilities	20	**1**	(1)
Repayment of the principal in relation to lease liabilities	14	**(159)**	(141)
Payment of interest in relation to lease liabilities	14	**(59)**	(61)
Fees on refinancing	20	**(3)**	(11)
Other finance costs paid		**(24)**	(24)
Receipt from exercise of employee share options	8	**-**	0
Dividends paid to owners of the parent	29	**(430)**	(697)
Net cash flows from financing activities		**(450)**	(969)
Effects of exchange rate changes on cash and cash equivalents		**(1)**	3
Net decrease in cash and cash equivalents		**(45)**	(209)
Cash and cash equivalents at the beginning of the period		**218**	427
Cash and cash equivalents at the end of the period		**173**	218
Cash and cash equivalents comprise:			
Cash at bank and in hand	17	**173**	218
Overdrafts		**-**	-
		173	218

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

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 million (£'m), except when otherwise indicated. This is the first period where the Group has rounded to the nearest million (previously rounding to the nearest thousand). In transitioning the prior year accounts, usual rounding practices have been adhered to.

The consolidated financial statements cover the 52 week period from 27 March 2021 to 26 March 2022 which is a different period to the parent company standalone accounts (from 1 April 2021 to 31 March 2022). This exception is permitted under article 1712-12 of the Luxembourg company law of 10 August 1915, as amended, because 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
- it would be unduly onerous to rephase the year end in that subsidiary to match that of the parent company.

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

B&M European Value Retail S.A. (the "Company") is at 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 other comprehensive income

The Group has restated the other comprehensive income caption of 'fair value movement as recorded in the hedging reserve' to exclude the amount moved to inventories on the maturation of effective hedges as required by IFRS 9 'Financial Instruments'.

This has resulted in a decrease of £5m in other and total comprehensive income for the prior year. The corresponding credit to the hedging reserve is presented in the consolidated statement of changes in equity.

There was no effect on the profit for the period, earnings per share, consolidated statement of financial position or consolidated statement of cash flows.

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 28 March 2021 to 26 March 2022. 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 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.

This assessment considered various scenarios including an extreme reduction in like for like sales, gross margin deterioration, disruption to our distribution network and cyber threats. The Group also has recourse to several mitigations to improve liquidity, including our £155m revolving credit facility, which had £142m available at the year end date.

There have been no post balance sheet changes to liquidity and the current inflationary pressures do not have a material impact on this assessment as the Group is well placed to absorb or pass on these costs given our position as a low cost retailer.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 is 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 the period end the value held on the balance sheet was £0.5m (2021: £0.3m).

The Group operates a small wholesale function which recognises revenue when goods are delivered and an 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.

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 and 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 (APM's) 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 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.

Underlying performance has been determined so as to align with how the Group financial performance is monitored on an ongoing basis by management. In particular, this reflects certain adjustments being made to consider an adjusted EBITDA measure of performance

Adjusted finance costs reflect the ongoing charges associated with our debt structure and exclude one off effects of refinancing,

The directors believe that our adjusted APMs, and specifically, 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 with 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

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.

Lease modifications are recorded where there is a change in the expected cashflows associated with a lease, such as through a rent review. When a lease modification occurs the lease liability is recalculated and an equivalent adjustment is made to the right of use asset, unless that asset would be reduced below zero, in which case the excess is expensed in administrative costs. The recalculation is carried out with an unchanged discount unless the change has affected management's assessment of the term of the lease.

If there is a significant event, such as the lease reaching its expiry date, the likely exercise of a previously unrecognised break clause, or the signing of an extension lease, the lease term is re-assessed by management as to how long we can 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, with a recalculated discount rate.

Lease modifications are also recorded where there is a change in the expected cashflows associated with the lease, such as through a rent review. Unless the change affects the term, the discount rate is not recalculated. A lease modification results in a recalculation of the lease liability with a corresponding adjustment made to the right of use asset.

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 are prepared in December and usually cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to the projected future cash flows after the fifth year. The Group's three year plan is usually approved in March. If due to the passage of time there are significant differences in the key assumptions between the forecast and plan, or if management consider that the forecast has a more sensitive level of headroom, then the impairment test will be additionally sensitised to the plan assumptions.

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 stated 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 inventory.

The Group receives supplier rebates which are included in the cost of inventory balance (and which therefore ultimately flow through to cost of sales). These rebates are recognised on an accruals basis according to actual sales levels achieved at the end of each period.

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 8 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 though 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. The balances involved are immaterial for further disclosure.

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, on a forward looking basis the ECLs associated with our financial assets carried at amortised cost.

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 exchange reserve" represents the cumulative differences arising in retranslation of the subsidiaries and associates results.

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
- Centz N.I. Limited

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

- B&M European Value Retail 2 S.à r.l. (SBR Europe)
- B&M France 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 period 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, which 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. At the period end 99 stores were provided against (2021: 87).

We do not provide against stores which are under contract and not considered at risk of closure (comprising the majority of the estate) as management consider that such a provision would be minimal as a result of regular store maintenance and limited fixed fit out costs.

We also provide against the terminal dilapidation expense on our major warehouses, which is built up over the term of the leases held 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. However, existing circumstances and assumptions about future developments 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, therefore, 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.

Estimation uncertainty

There are no areas of estimation uncertainty where management consider that there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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:

<u>IASB effective for annual periods beginning on or after 1 January 2022</u>

Standard	Summary of changes	UK Endorsement status	EU 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 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

Standard	Summary of changes	UK Endorsement status	EU Endorsement status
Annual improvements – cycle 2018-2020	This cycle of improvements contains amendments to the following standards: • *IFRS 9 Financial Instruments:* clarifies the fees to be included in the '10 per cent' test for derecognition of financial liabilities. • *Illustrative Examples accompanying IFRS 16 Leases*: to remove the illustration of payments from the lessor relating to leasehold improvements.	Not yet endorsed	Not yet endorsed

<u>IASB effective for annual periods beginning on or after 1 January 2023</u>

Standard	Summary of changes	UK Endorsement status	EU Endorsement status
Amendments to IAS 8 Accounting Estimates	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, make a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively.	Not yet endorsed	Not yet endorsed
Amendments to IAS 1 and IFRS 2	The amendment requires an entity to disclose its material accounting policy information instead of its significant accounting policies. A policy can be material by nature even if the related amounts are immaterial.	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, comprising the three separately operated businesses within the Group; UK B&M, UK Heron and France B&M.

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 €1.1756 /£ during the year, with the period end rate being €1.2009 /£ (2021: €1.1203/£ and €1.1691/£ respectively).

52 week period to 26 March 2022	**UK B&M £'m**	**UK Heron £'m**	**France B&M £'m**	**Corporate £'m**	**Total £'m**
Revenue	**3,909**	**411**	**353**	**-**	**4,673**
EBITDA (note 3)	**563**	**23**	**32**	**13**	**631**
EBITDA (IFRS 16) (note 3)	**729**	**34**	**64**	**13**	**840**
Depreciation and amortisation	**(170)**	**(23)**	**(34)**	**-**	**(227)**
Net finance expense	**(48)**	**(2)**	**(11)**	**(27)**	**(88)**
Income tax (expense)	**(96)**	**(1)**	**(5)**	**(1)**	**(103)**
Segment profit/(loss)	**415**	**8**	**14**	**(15)**	**422**
Total assets	**2,952**	**281**	**331**	**74**	**3,638**
Total liabilities	**(1,513)**	**(117)**	**(251)**	**(1,011)**	**(2,892)**
Capital expenditure*	**(80)**	**(9)**	**(11)**	**-**	**(100)**

52 week period to 27 March 2021	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Revenue	4,077	415	309	-	4,801
EBITDA (note 3)	592	25	11	(5)	623
EBITDA (IFRS 16) (note 3)	759	35	42	(5)	831
Depreciation and amortisation	(162)	(20)	(34)	-	(216)
Net finance expense	(48)	(3)	(13)	(26)	(90)
Income tax (expense)/credit	(106)	(2)	1	10	(97)
Segment profit/(loss)	443	10	(4)	(21)	428
Total assets	2,687	282	348	41	3,358
Total liabilities	(1,477)	(117)	(240)	(791)	(2,625)
Capital expenditure*	(65)	(13)	(10)	-	(88)

*Capital expenditure includes both tangible and intangible capital.

Revenue is disaggregated geographically as follows:

Period to	**52 weeks ended 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Revenue due from UK operations	**4,320**	4,492
Revenue due from French operations	**353**	309
Overall revenue	**4,673**	4,801

Non-current assets (excluding deferred tax and financial instruments) are disaggregated geographically as follows:

As at	**26 March 2022 £'m**	27 March 2021 £'m
UK operations	**2,252**	2,227
French operations	**224**	225
Luxembourg operations	**8**	5
Overall	**2,484**	2,457

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

Period to	**52 weeks ended 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Revenue due to sales made in stores	**4,628**	4,754
Revenue due to wholesale activities	**45**	47
Overall revenue	**4,673**	4,801

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 reconciliations from the statement of comprehensive income are set out below.

Period to	**52 weeks ended 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Profit on ordinary activities before interest and tax	**613**	615
Add back depreciation and amortisation	**227**	216
EBITDA (IFRS 16)	**840**	831
Exclude effects of IFRS 16 on administrative costs	**(209)**	(208)
EBITDA	**631**	623
Reverse the fair value effect of ineffective derivatives	**(13)**	7
Foreign exchange on intercompany balances	**1**	3
Release of exceptional French stock provision	**-**	(7)
Adjusted EBITDA	**619**	626
Pre-IFRS 16 depreciation and amortisation	**(66)**	(62)
Net adjusted finance costs (see note 5)	**(29)**	(24)
Adjusted profit before tax	**524**	540
Adjusted tax	**(107)**	(105)
Adjusted profit for the period	**417**	435
Attributable to owners of the parent	**417**	435

The effects of IFRS 16 on administrative costs caption reflects the difference between IAS 17 and IFRS 16 accounting and largely consists of the additional rent expense the Group would have incurred under the IAS 17 standard.

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 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Adjusted EBITDA (above)	**619**	626
Include other effects of IFRS 16 on EBITDA	**209**	208
Adjusted EBITDA (IFRS 16)	**828**	834
Depreciation and amortisation	**(227)**	(216)
Interest costs related to lease liabilities (note 5)	**(59)**	(61)
Net adjusted other finance costs	**(29)**	(24)
Adjusted profit before tax (IFRS 16)	**513**	533
Adjusted tax	**(101)**	(106)
Adjusted profit for the period (IFRS 16)	**412**	427

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.

The exceptional French stock provision was recognised in 2019/20 when the first French lockdown was put into place resulting in the closure of the French store estate with significant uncertainty regarding when stores would be able to reopen. Ultimately the stock provision was largely released during 2020/21, as the stock was sold through once the stores were reopened and this release was treated as adjusting to match the treatment when recognising the provision. No new adjusting items have been recognised in respect of the pandemic in either of the presented years.

The following table reconciles the statutory figures to the adjusted (IFRS 16) and adjusted figures in the statutory P&L format on a line by line basis.

52 week period to 26 March 2022	**Statutory figures £'m**	Adjusting items £'m	**Adjusted (IFRS 16) £'m**	Impact of IFRS 16 £'m	**Adjusted figures £'m**
Revenue	**4,673**	-	**4,673**	-	**4,673**
Cost of sales	**(2,921)**	-	**(2,921)**	-	**(2,921)**
Gross profit	**1,752**	-	**1,752**	-	**1,752**
Depreciation and amortisation	**(227)**	-	**(227)**	161	**(66)**
Other administrative expenses	**(915)**	(12)	**(927)**	(209)	**(1,136)**
Operating profit	**610**	(12)	**598**	(48)	**550**
Share of profits in associates	**3**	-	**3**	-	**3**
Profit before interest and tax	**613**	(12)	**601**	(48)	**553**
Finance costs relating to right of use assets	**(59)**	-	**(59)**	59	**-**
Other finance costs	**(29)**	-	**(29)**	-	**(29)**
Finance income	**0**	-	**0**	-	**0**
Profit before tax	**525**	(12)	**513**	11	**524**
Income tax expense	**(103)**	2	**(101)**	(6)	**(107)**
Profit for the period	**422**	(10)	**412**	5	**417**

52 week period to 27 March 2021	Statutory figures £'m	Adjusting items £'m	Adjusted (IFRS 16) £'m	Impact of IFRS 16 £'m	Adjusted figures £'m
Revenue	4,801	-	4,801	-	4,801
Cost of sales	(3,031)	(7)	(3,038)	-	(3,038)
Gross profit	1,770	(7)	1,763	-	1,763
Depreciation and amortisation	(216)	-	(216)	154	(62)
Other administrative expenses	(941)	10	(931)	(208)	(1,139)
Operating profit	613	3	616	(54)	562
Share of profits in associates	2	-	2	-	2
Profit before interest and tax	615	3	618	(54)	564
Finance costs relating to right of use assets	(61)	-	(61)	61	-
Other finance costs	(29)	5	(24)	-	(24)
Finance income	-	-	-	-	-
Profit before tax	525	8	533	7	540
Income tax expense	(97)	(9)	(106)	1	(105)
Profit for the period	428	(1)	427	8	435

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 in the prior year.

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

52 week period to 26 March 2022	**UK B&M £'m**	**UK Heron £'m**	**France B&M £'m**	**Corporate £'m**	**Total £'m**
Profit before interest and tax	**559**	**11**	**30**	**13**	**613**
Add back depreciation and amortisation	**170**	**23**	**34**	**-**	**227**
EBITDA (IFRS 16)	**729**	**34**	**64**	**13**	**840**
Adjusting items detailed above	**-**	**-**	**-**	**(12)**	**(12)**
Adjusted EBITDA (IFRS 16)	**729**	**34**	**64**	**1**	**828**

52 week period to 27 March 2021	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Profit/(loss) before interest and tax	597	15	8	(5)	615
Add back depreciation and amortisation	162	20	34	-	216
EBITDA	759	35	42	(5)	831
Adjusting items detailed above	-	-	-	3	3
Adjusted EBITDA (IFRS 16)	759	35	42	(2)	834

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:

Period ended	**52 weeks ended 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Auditor's remuneration	**1**	1
Payments to auditors in respect of non-audit services:		
Taxation advisory services	**-**	-
Other assurance services	**0**	0
Other professional services	**-**	-
Cost of inventories recognised as an expense (included in cost of sales)	**2,921**	3,031
Depreciation of owned property, plant and equipment	**62**	57
Amortisation (included within administration costs)	**2**	3
Depreciation of right of use assets	**163**	156
Impairment of right of use assets	**2**	5
Operating lease rentals	**2**	(1)
Loss on sale of property, plant and equipment	**1**	1
(Gain)/loss on sale and leaseback	**(1)**	0
(Gain)/loss on foreign exchange	**(9)**	9

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 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Interest on debt and borrowings	**(27)**	(22)
Ongoing amortisation of finance fees	**(2)**	(2)
Total adjusted finance expense	**(29)**	(24)
Non capitalised fees incurred on refinancing	**-**	(3)
Release of remaining unamortised fees on previous facilities	**-**	(2)
Total other finance expense	**(29)**	(29)
Finance costs on lease liabilities	**(59)**	(61)
Total finance expense	**(88)**	(90)

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

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Cash		
Finance costs paid in relation to debt and borrowings	**24**	23
Finance costs paid in relation to lease liabilities	**59**	61
Fees paid in relation to refinancing	**3**	11
Finance costs paid	**86**	95
Non cash		
Movement of accruals in relation to debt and borrowings	**3**	(1)
Capitalisation of amortised fees in relation to new facilities	**(3)**	(8)
Release of capitalised fees held in relation to previous facilities	**-**	2
Ongoing amortisation of finance fees	**2**	2
Total finance expense	**88**	90

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Interest income on loans and bank accounts	**0**	0
Total finance income	**0**	0

There are no adjusting items related to financial income.

Total net adjusted finance costs are therefore:

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Total adjusted finance expense	**(29)**	(24)
Total adjusted finance income	**0**	0
Total net adjusted finance costs	**(29)**	(24)

6 Employee remuneration

Expense recognised for employee benefits is analysed below:

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Wages and salaries	**530**	515
Social security costs	**32**	30
Share based payment expense	**2**	2
Pensions - defined contribution plans	**8**	7
	572	554

There are £1m of defined contribution pension liabilities owed by the Group at the period end (2021: £1m).

B&M France operates a scheme where they must provide a certain amount per employee to pay upon their retirement date. The accrual on this scheme at the period end was £2m (2021: £2m).

The average monthly number of persons employed by the Group during the period was:

Period ended	**52 weeks to 26 March 2022**	52 weeks to 27 March 2021
Sales staff	**39,804**	37,981
Administration	**1,070**	854
	40,874	38,835

7 Key management remuneration

Key management personnel and Directors' remuneration includes the following:

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Directors' remuneration:		
Short term employee benefits	**4**	3
Benefits accrued under the share option scheme	**1**	1
Pension	**0**	0
	5	4
Key management expense (includes Directors' remuneration):		
Short term employee benefits	**9**	8
Benefits accrued under the share option scheme	**1**	1
Pension	**0**	0
	10	9
Amounts in respect of the highest paid director emoluments:		
Short term employee benefits	**2**	2
Benefits accrued under the share option scheme	**1**	1
Pension	**0**	0
	3	3

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.

8 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.

No awards have been issued under this scheme since August 2016 with the final 11,049 options exercised in the prior year. No options were held at either period end date.

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 Executive ("A") awards

- 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 2016A	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
LTIP 2021A	March-24	45.0p	37.0p

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 period 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 Restricted ("B") awards

- 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
There have been several awards of the LTIP, with the details as follows.

Note that the LTIP Executive awards 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 TSR awards market condition has been included in the fair value calculation for those awards, all non-market conditions have not been included. Expected volatility has been calculated based upon the historic share price volatility of the Group and those of comparable companies.

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
2016A-TSR	18 Aug 16	122,385.5	164p	0.09%	5	26%
2016A-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%
2021A-TSR	3 Aug 21	218,861	354p	0.23%	5	37%
2021A-EPS	3 Aug 21	218,861	560p	0.23%	5	37%
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%
2021/B1	3 Aug 21	281,950	560p	0.12%	3	42%

Scheme	**Options at 27 Mar 21**	**Granted**	**Dividend credit**	**Forfeited**	**Exercised**	**Options at 26 Mar 22**
2016A-TSR	**122,385.5***	**-**	**-**	**-**	**(122,385.5)**	**-**
2016A-EPS	**70,982.5***	**-**	**-**	**-**	**(70,982.5)**	**-**
2017A-TSR	**27,557***	**-**	**-**	**-**	**-**	**27,557***
2017A-EPS	**18,071***	**-**	**-**	**-**	**-**	**18,071***
2018A-TSR	**262,012**	**-**	**14,692**	**(74,239)**	**-**	**202,465***
2018A-EPS	**262,012**	**-**	**18,356**	**-**	**-**	**280,368***
2019A-TSR	**259,633**	**-**	**19,760.5**	**-**	**-**	**279,393.5**
2019A-EPS	**259,633**	**-**	**19,760.5**	**-**	**-**	**279,393.5**
2020A-TSR	**157,438.5**	**-**	**11,922.5**	**-**	**-**	**169,361**
2020A-EPS	**157,438.5**	**-**	**11,922.5**	**-**	**-**	**169,361**
2021A-TSR	**-**	**218,861**	**10,799.5**	**-**	**-**	**229,660.5**
2021A-EPS	**-**	**218,861**	**10,799.5**	**-**	**-**	**229,660.5**
2017/B1	**73,667**	**-**	**-**	**-**	**(20,091)**	**53,576**
2017/B2	**13,379**	**-**	**-**	**-**	**-**	**13,379**
2018/B2	**234,759**	**-**	**4,876**	**(7,657)**	**(193,689)**	**38,289**
2019/B1	**395,455**	**-**	**27,849**	**(31,782)**	**-**	**391,522**
2019/B2	**3,163**	**-**	**240**	**-**	**-**	**3,403**
2020/B1	**300,724**	**-**	**22,073**	**(25,694)**	**-**	**297,103**
2021/B1	**-**	**281,950**	**13,600**	**(24,530)**	**-**	**271,020**

Scheme	Options at 28 Mar 20	Granted	Dividend credit	Forfeited	Exercised	Options at 27 Mar 21
2015A-TSR	40,616*	-	-	-	(40,616)	-
2015A-EPS	31,477*	-	-	-	(31,477)	-
2016A-TSR	122,385.5*	-	-	-	-	122,385.5*
2016A-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

* 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 a specified proportion 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 are annual awards of the scheme. The 2022 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 27 Mar 21**	**Granted**	**Dividend credit**	**Forfeited**	**Exercised**	**Options at 26 Mar 22**
2019 Bonus allocation	**67,920**	**-**	**4,989**	**-**	**-**	**72,909**
2020 Bonus allocation	**50,748**	**-**	**3,843**	**-**	**-**	**54,591**
2021 Bonus allocation	**-**	**85,340**	**4,210**	**-**	**-**	**89,550**

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

The fair values of the presented schemes are £479k (2021), £175k (2020) and £217k (2019).

The summary period end position is as follows:

Period ended	**26 March 2022**	27 March 2021
Share options outstanding at the start of the year	**2,736,978**	2,467,125
Share options granted during the year (including via dividend credit)	**1,004,705**	886,127
Share options forfeited or lapsed during the year	**(163,902)**	(379,484)
Share options exercised in the year	**(407,148)**	(236,790)
Share options outstanding at the end of the year	**3,170,633**	2,736,978
Of which;		
Share options that are not vested	**2,319,878**	2,292,268
Share options that are in holding	**745,511**	357,664
Share options that are vested and eligible for exercise	**105,244**	87,046

All exercised options are satisfied by the issue of new share capital. The weighted average share price on exercise was £5.64 (2021: £5.09). All outstanding options have a £nil (2021: £nil) exercise price and the weighted average remaining contractual life is 2.0 years (2021: 2.2 years).

In the year, £2m has been charged to the consolidated statement of comprehensive income in respect to the share option schemes (2021: £2m). At the end of the year the outstanding share options had a carrying value of £5m (2021: £4m).

9 Taxation

The relationship between the expected tax expense based on the standard rate of corporation tax in the UK of 19% (2021: 19%) and the tax expense actually recognised in the statement of comprehensive income can be reconciled as follows:

Period ended	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Current tax expense	**90**	104
Deferred tax charge/(credit)	**13**	(7)
Total tax expense recorded in profit and loss	**103**	97
Deferred tax charge/(credit) in other comprehensive income	**4**	(5)
Total tax charge/(credit) recorded in other comprehensive income	**4**	(5)
Result for the year before tax	**525**	525
Expected tax charge at the standard tax rate	**100**	100
Effect of :		
Expenses not deductible for tax purposes	**4**	4
Income not taxable	**(4)**	(2)
Lease accounting	**(0)**	0
Foreign operations taxed at local rates	**2**	0
Changes in the rate of corporation tax	**2**	1
Adjustment in respect of prior years	**(2)**	(7)
Hold over gains on fixed assets	**1**	1
Other	**(0)**	(0)
Actual tax expense	**103**	97

The caption 'Changes in the rate of corporation tax' includes the differences arising due to the change in the future corporation tax rate to 25% from April 2023.

Deferred taxation

Statement of financial position	**26 March 2022 £'m**	27 March 2021 £'m
Accelerated tax depreciation	**(6)**	(2)
Relating to intangible brand assets	**(28)**	(22)
Fair valuing of assets and liabilities (asset)	**0**	3
Fair valuing of assets and liabilities (liability)	**(6)**	(2)
Temporary differences relating to the tax accounting for leases	**24**	19
Movement in provision	**1**	2
Relating to share options	**3**	2
Held over gains on fixed assets	**(3)**	(1)
Losses carried forward	**3**	6
Other temporary differences	**0**	0
Net deferred tax (liability)/asset	**(12)**	5
Analysed as;		
Deferred tax asset	**31**	32
Deferred tax liability	**(43)**	(27)

Statement of comprehensive income	**52 weeks to 26 March 2022 £'m**	52 weeks to 27 March 2021 £'m
Accelerated tax depreciation	**(4)**	1
Relating to intangible brand assets	**(6)**	(1)
Fair valuing of assets and liabilities	**(7)**	5
Temporary differences relating to the tax accounting for leases	**5**	(1)
Movement in provision	**(1)**	1
Relating to share options	**1**	1
Held over gains on fixed assets	**(2)**	(1)
Brought forward losses	**(3)**	7
Other temporary differences	**0**	0

Net deferred tax (charge)/credit	**(17)**	12
Analysed as;		
Total deferred tax (charge)/credit in profit or loss	**(13)**	7
Total deferred tax (charge)/credit in other comprehensive income	**(4)**	5

During the prior period, the Group recognised €7m 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. In the above tax reconciliation the recognition of these losses is included in the caption 'Adjustment in respect of prior years'.

There were no unrecognised deferred tax assets in relation to losses carried forward within the Group at the period end (2021: same).

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.

10 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 8) 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	**26 March 2022 £'m**	27 March 2021 £'m
Profit for the period attributable to owners of the parent	**422**	428
Adjusted profit for the period attributable to owners of the parent	**417**	435
Adjusted (IFRS 16) profit for the period attributable to owners of the parent	**412**	427

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**1,001,061**	1,000,695
Dilutive effect of employee share options	**1,893**	1,382
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,002,954**	1,002,077

	Pence	Pence
Basic earnings per share	**42.2**	42.8
Diluted earnings per share	**42.1**	42.7
Adjusted basic earnings per share	**41.6**	43.4
Adjusted diluted earnings per share	**41.6**	43.4
Adjusted IFRS 16 basic earnings per share	**41.2**	42.7
Adjusted IFRS 16 diluted earnings per share	**41.1**	42.6

11 Investments in associates

Period ended	**26 March 2022 £'m**	27 March 2021 £'m
Net book value		
Carrying value at the start of the period	**4**	5
Disposal of holding in Home Focus Group Ltd	**-**	0
Dividends received	**-**	(2)
Share of profits in associates since the prior year valuation exercise	**3**	2
Effect of foreign exchange on translation	**1**	(1)
Carrying value at the end of the period	**8**	4

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 was retail sales with a registered address of Boole House, Beech Hill Office Campus, Beech Hill Road, Clonskeagh, Dublin 4. This holding was sold in December 2020 for €350k. Home Focus Group is immaterial for further disclosure.

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

Period ended	**26 March 2022 £'m**	27 March 2021 £'m
Multi-lines		
Non-current assets	**15**	5
Current assets	**94**	74
Non-current liabilities	**-**	-
Current liabilities	**(99)**	(72)
Net assets	**10**	7
Revenue	**324**	240
Profit	**3**	2

Period ended	**26 March 2022 £'m**	27 March 2021 £'m
Centz		
Non-current assets	**16**	11
Current assets	**20**	25
Non-current liabilities	**(8)**	(10)
Current liabilities	**(15)**	(19)
Net assets	**13**	7
Revenue	**78**	61
Profit	**5**	3

The figures for both associates show 12 months to December 2021 (prior year: 12 months to December 2020), being the period used in the valuation of the associate.

12 Intangible assets

	Goodwill £'m	Software £'m	Brands £'m	Other £'m	Total £'m
Cost or valuation					
At 28 March 2020	922	10	115	1	1,048
Additions	-	1	-	-	1
Disposals	-	-	-	-	-
Effect of retranslation	(1)	(0)	(0)	(0)	(1)
At 27 March 2021	**921**	**11**	**115**	**1**	**1,048**
Additions	**-**	**3**	**1**	**-**	**4**
Disposals	**-**	**-**	**-**	**-**	**-**
Effect of retranslation	**(1)**	**(0)**	**(0)**	**(0)**	**(1)**
At 26 March 2022	**920**	**14**	**116**	**1**	**1,051**
Accumulated amortisation / impairment					
At 28 March 2020	-	6	1	-	7
Charge for the year	-	2	1	-	3
Disposals	-	-	-	-	-
Effect of retranslation	-	(0)	(1)	-	(1)
At 27 March 2021	**-**	**8**	**1**	**-**	**9**
Charge for the year	**-**	**2**	**0**	**-**	**2**
Disposals	**-**	**-**	**-**	**-**	**-**
Effect of retranslation	**-**	**(0)**	**(0)**	**-**	**(0)**
At 26 March 2022	**-**	**10**	**1**	**-**	**11**
Net book value at 26 March 2022	**920**	**4**	**115**	**1**	**1,040**
Net book value at 27 March 2021	**921**	**3**	**114**	**1**	**1,039**

At the period end, no software was being developed that is not yet in use (2021: £1m), and the Group was committed to the purchase of trademarks worth £2m (2021: £nil).

Impairment review of intangible assets held with indefinite life

The Group holds the following assets with indefinite life:

Segment	**26 March 2022 Goodwill £'m**	**26 March 2022 Brand £'m**	27 March 2021 Goodwill £'m	27 March 2021 Brand £'m
UK B&M	**807**	**98**	807	96
UK Heron	**88**	**14**	88	14
France B&M	**25**	**-**	26	-

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 B&M France goodwill is held in Euros, with an underlying balance of €30m (2021: €30m).

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 impairment test methodology has been refined in the year. The prior year sensitivities and headroom have been restated to reflect the refined methodology. The impact on the prior year headroom was B&M -£181m, Heron +£12m, France +€32m, with all three entities headroom remaining significant. The adjustment has therefore had no material impact. The refined methodology had a small impact on the disclosed discount rates.

The key assumptions in assessing the value in use as at 26th March 2022 were;

The Group's discount rate
This was calculated using an internal CAPM model which includes external estimates of the risk-free-rate, cost of debt, equity beta and market risk premium. It is adjusted for which country the segment is in, how large the segment is and includes an alpha rate estimate made by management.

The inflation rate for expenses
This is based upon the consumer price index for the relevant country, as well as official reports from the appropriate central bank.

The like for like sales growth
This is an estimate made by management which encompasses the historical sales trends of the entity and management's assessment of how each segment will perform in the context of the current economic environment.

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, in the context of the macro growth level of the economic environment in which that segment operates.

The assumptions were as follows:

As at	**26 March 2022**	27 March 2021
Discount rate (B&M)	**10.8%**	12.1%
Discount rate (Heron)	**13.7%**	12.6%
Discount rate (B&M France)	**12.9%**	13.6%
Inflation rate for costs (B&M & Heron)	**3.5%**	1.2%
Inflation rate for costs (B&M France)	**1.5%**	0.0%
Like for like sales growth (B&M)	**3.5%**	2.0%
Like for like sales growth (Heron)	**4.0%**	2.0%
Like for like sales growth (B&M France)	**4.5%**	2.0%
Terminal growth rate (B&M)	**0.5%**	0.5%
Terminal growth rate (Heron)	**1.2%**	1.2%
Terminal growth rate (B&M France)	**1.2%**	0.0%

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.

The B&M Retail impairment model assumptions were moderated in year one of the forecast due to the significant Covid impact on trade from January to April 2021 within the base year, reducing both the like for like sales growth and the costs that feed through to the final contribution figures.

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 £4,833m, Heron £43m and B&M France €349m (2021: £3,261m, £154m and €201m respectively).

Heron's result demonstrated a lower level of headroom when compared to the other two segments, but the directors consider that the assumptions made are reasonably prudent and that it is unlikely that a situation will arise where an impairment would be required in that segment.

Such a situation would include like for like sales falling 50bps below inflation for each year in the projection, or nil LFL's in year 1, both of which would lead to an impairment of significantly under £10m. It should be noted that the impairment test does not include the projected new store openings in the segment which are accretive to the forecast results, nor the impact of management actions to be taken. We further sensitised the assumptions to the most recent board approved plan, making appropriate adjustments to exclude new stores, which resulted in a projected headroom of £33m.

No other indicators of impairment were noted in the segments and the impairment tests were 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 like sales and terminal growth rates.
- Sales prices failing to keep pace with inflation such that the local inflation rates increase 50bps without a corresponding increase in like for like sales.
- 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, except as noted above for Heron.

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, when applied to all years, whilst assuming each other key assumption is held level (e.g. for inflation sensitivity, the LFL was not adjusted):

	26 March 2022	27 March 2021
B&M		
Discount rate	**61.7%**	60.0%
Inflation rate for expenses	**14.1%**	13.5%
Like for like sales	**(7.3)%**	(8.8)%
Terminal growth rate	**Not sensitive**	Not sensitive
B&M France		
Discount rate	**55.1%**	49.5%
Inflation rate for expenses	**6.9%**	4.2%
Like for like sales	**(0.5)%**	(1.8)%
Terminal growth rate	**Not sensitive**	Not sensitive
Heron		
Discount rate	**17.1%**	23.9%
Inflation rate for expenses	**4.7%**	4.9%
Like for like sales	**3.0%**	(2.4)%
Terminal growth rate	**(5.0)%**	(30.2)%

13 Property, plant and equipment

	Land and buildings £'m	Motor vehicles £'m	Plant, fixtures and equipment £'m	Total £'m
Cost or valuation				
At 28 March 2020	86	16	380	482
Additions	18	5	64	87
Disposals	(4)	(1)	(6)	(11)
Effect of retranslation	-	-	(2)	(2)
At 27 March 2021	**100**	**20**	**436**	**556**
Additions	**18**	**2**	**76**	**96**
Disposals	**(8)**	**3**	**(5)**	**(10)**
Effect of retranslation	**-**	**(0)**	**(1)**	**(1)**
At 26 March 2022	**110**	**25**	**506**	**641**
Accumulated depreciation and impairment charges				
At 28 March 2020	19	6	146	171
Charge for the period	4	4	49	57
Disposals	(0)	(1)	(6)	(7)
Effect of retranslation	-	-	(1)	(1)
At 27 March 2021	**23**	**9**	**188**	**220**
Charge for the period	**5**	**3**	**54**	**62**
Disposals	**(0)**	**1**	**(4)**	**(3)**
Effect of retranslation	**-**	**-**	**(1)**	**(1)**
At 26 March 2022	**28**	**13**	**237**	**278**
Net book value at 26 March 2022	**82**	**12**	**269**	**363**
Net book value at 27 March 2021	77	11	248	336

Under the terms of the loan and notes facilities in place at 26 March 2022, fixed and floating charges were held over £82m of the net book value of land and buildings, £12m of the net book value of motor vehicles and £242m of the net book value of the plant, fixtures and equipment. (2021: £77m, £11m, £223m respectively).

At the period end <£1m of assets were under construction (2021: <£1m).

Included within land and buildings is land with a cost of £6m (2021: £6m) which is not depreciated.

Capital commitments

There were £5m of contractual capital commitments not provided within the Group financial statements as at 26 March 2022 (2021: £12m).

14 Right of use assets

	Land and buildings £'m	Motor vehicles £'m	Plant, fixtures and equipment £'m	Total £'m
Net book value				
As at 28 March 2020	1,061	18	7	1,086
Additions	153	3	3	159
Modifications	7	0	-	7
Disposals	(13)	(0)	(0)	(13)
Impairment	(5)	-	-	(5)
Depreciation	(146)	(6)	(4)	(156)
Foreign exchange	(7)	(0)	(0)	(7)
As at 27 March 2021	**1,050**	**15**	**6**	**1,071**
Additions	**160**	**0**	**2**	**162**
Modifications	**23**	**-**	**-**	**23**
Disposals	**(18)**	**(1)**	**(0)**	**(19)**
Impairment	**(2)**	**-**	**-**	**(2)**
Depreciation	**(154)**	**(6)**	**(3)**	**(163)**
Foreign exchange	**(6)**	**-**	**-**	**(6)**
As at 26 March 2022	**1,053**	**8**	**5**	**1,066**

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 period 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 £30m.

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

In the year the Group expensed £2m (2021: £2m) in relation to low value leases and <£1m (2021: <£1m) in relation to short term leases for which the Group applied the practical expedient under IFRS 16.

The Group has expensed <£1m (2021: <£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 £2m (2021: £3m) 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 <£1m, Heron £1m, B&M France <£1m (2021: B&M £4m, Heron £1m, B&M France <£1m).

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

	26 March 2022 £'m	27 March 2021 £'m
This year	**218**	202
Within 1 year	**219**	213
Between 1 and 2 years	**210**	205
Between 2 and 3 years	**194**	190
Between 3 and 4 years	**177**	174
Between 4 and 5 years	**160**	156
Between 5 and 10 years	**478**	514
More than 10 years	**167**	159
Total	**1,605**	1,611

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

	26 March 2022 £'m	27 March 2021 £'m
Lease liabilities brought forward	**1,302**	1,295
Cash		
Repayment of the principal in relation to right of use assets	**(159)**	(141)
Payment of interest in relation to right of use assets	**(59)**	(61)
Non-cash		
Interest charge	**59**	61
Effects on lease liability relating to lease additions, modifications and disposals	**172**	156
Effects of foreign exchange	**(5)**	(8)
Total cash movement in the year	**(218)**	(202)
Total non-cash movement in the year	**226**	209
Movement in the year	**8**	7
Lease liabilities carried forward	**1,310**	1,302
Of which current	**170**	163
Of which non-current	**1,140**	1,139

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:

	26 March 2022	27 March 2021
Weighted average discount rate		
Property	**4.5%**	4.7%
Equipment	**3.2%**	3.3%
All right of use assets	**4.5%**	4.7%
Effect on finance costs with a change of 50bps to the discount rate	**£'m**	£'m
Property	**7**	6
Equipment	**0**	0
All right of use assets	**7**	**7**

Sale and Leaseback

During the year the business has undertaken two sale and leasebacks (2021: one).

The details of the transactions were as follows:

	26 March 2022 £'m	27 March 2021 £'m
Consideration received	**14**	6
Net book value of the assets disposed	**(7)**	(3)
Costs of sale when specifically recognised	**-**	-
Profit per pre-IFRS 16 accounting standards	**7**	3
Opening adjustment to the right of use asset	**(6)**	(3)
Profit/(loss) recognised in the statement of comprehensive income	**1**	(0)
Initial right of use asset recognised	**6**	3
Initial lease liability recognised	**(11)**	(6)

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.

15 Inventories

As at	**26 March 2022 £'m**	27 March 2021 £'m
Goods for resale	**863**	605

Included in the amount above was a net release of £14m related to inventory provisions (2021: £4m net charge). In the period to 26 March 2022 £2,921m (2021: £3,031m) was recognised as an expense for inventories. In the year £21m of supplier rebates were received (2021: £22m).

16 Trade and other receivables

	26 March 2022 £'m	27 March 2021 £'m
Non-current		
Other receivables	**7**	7
	7	7
Current		
Trade receivables	**6**	4
Deposits on account	**13**	2
Provision for impairment	**(2)**	(0)
Net trade receivables to non-related parties	**17**	6
Prepayments	**20**	14
Related party receivables	**3**	8
Other tax	**3**	8
Other receivables	**10**	6
	53	42

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.

There are no individually non-related significant balances held at the current period end. See note 26 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	**26 March 2022 £'m**	27 March 2021 £'m
Provision for impairment at the start of the period	**(0.4)**	(0.2)
Impairment during the period	**(1.6)**	(0.2)
Utilised/released during the period	**0.3**	0.0
Effect of foreign exchange	**0.0**	0.0
Balance at the period end	**(1.7)**	(0.4)

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	**26 March 2022 £'m**	27 March 2021 £'m
Neither past due nor impaired	**2**	2
Past due less than one month	**1**	0
Past due between one and three months	**2**	1
Past due for longer than three months	**1**	1
Balance at the period end	**6**	4

17 Cash and cash equivalents

As at	**26 March 2022 £'m**	27 March 2021 £'m
Cash at bank and in hand	**173**	**218**
Overdrafts	**-**	**-**
Cash and cash equivalents	**173**	**218**

As at the period end the Group had available £142m of undrawn committed borrowing facilities (2021: £142m).

18 Trade and other payables

As at	**26 March 2022 £'m**	27 March 2021 £'m
Current		
Trade payables	**388**	343
Other tax and social security payments	**62**	66
Accruals and deferred income	**75**	100
Related party trade payables	**27**	9
Other payables	**12**	6
	564	524

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 26.

During the period the Group implemented a supply chain financing facility. The facility is operated by a major banking partner with high credit ratings and is limited to $50m total exposure at any one time.

The exposure at the period end was $21m relating to one supplier, the average balance since inception has been $19m.

The purpose of the arrangement is to enable our participating suppliers, at their discretion, to draw down against their receivables from the Group prior to their usual due date.

From the Group's perspective, the invoices subject to the scheme are treated in the same way as those not subject to the scheme. That is that they are approved under our usual processes (and cannot be drawn down against until they have been approved) and paid on the usual due date, which is in line with the payment terms of our other international suppliers. We do not benefit from the margin charged by the bank for any early draw down, and the bank does not benefit from additional security when compared to the security originally enjoyed by the supplier. There is no impact on potential liquidity risk as the cash flow timings and amounts are unchanged for those invoices in the scheme against those not in the scheme.

There would be no impact on the Group if the facility became unavailable and there are no fees or charges payable by the Group in regards to this arrangement.

As these invoices continue to be part of the normal operating cycle of the Group, the scheme does not change the recognition of the invoices subject to the scheme, so they continue to be recognised as trade payables, with the associated cash flows presented within operating cash flows and without affecting the calculation of Group net debt.

19 Other financial assets and liabilities

Other financial assets

As at	**26 March 2022 £'m**	27 March 2021 £'m
Current financial assets at fair value through profit and loss:		
Foreign exchange forward contracts	**9**	3
Current financial assets at fair value through other comprehensive income:		
Foreign exchange forward contracts	**16**	1
Total current other financial assets	**25**	4
Total other financial assets	**25**	4

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

As at	**26 March 2022 £'m**	27 March 2021 £'m
Current financial liabilities at fair value through profit and loss:		
Foreign exchange forward contracts	**0**	6
Current financial liabilities at fair value through other comprehensive income:		
Foreign exchange forward contracts	**-**	10
Total current other financial liabilities	**0**	16
Total other financial liabilities	**0**	16

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 £'m	**Level 1 £'m**	**Level 2 £'m**	**Level 3 £'m**
26 March 2022				
Foreign exchange contracts	**25**	**-**	**25**	**-**
27 March 2021				
Foreign exchange contracts	(12)	-	(12)	-

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 relevant interbank floating interest rate levels.

20 Financial liabilities – borrowings

As at	**26 March 2022 £'m**	27 March 2021 £'m
Current		
B&M France loan facilities	**3**	3
Heron loan facilities	**3**	4
	6	7
Non-current		
High yield bond notes	**646**	397
Term facility bank loan	**297**	296
B&M France government backed facilities	**-**	22
Other B&M France loan facilities	**7**	5
Heron loan facilities	**-**	3
	950	723

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.

Bond issue

On 24 November 2021 the Group issued £250m of high yield bond notes. The maturity date of these notes is November 2028 and they have an interest rate of 4.00%. £56m of the bonds were purchased by a related party, see note 26 for further details.

Fees incurred totalled £3m and these were capitalised. The carrying value of these bonds includes these fees which are amortised over the term of the bonds.

Prior year 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 facilities are April 2025 and July 2025 respectively.

The previously held £150m revolving loan facility was also 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 26 for further details.

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

	£'m
Remaining unamortised fees associated with the repaid term loan	**1**
Remaining unamortised fees associated with the repaid acquisition loan	**0**
Remaining unamortised fees associated with the repaid high yield bonds	**1**
Early repayment charge associated with the corporate bonds	**3**
Breakage fees	**0**
Total fees expensed through other finance costs	**5**

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.

	£'m
Capitalised fees relating to the term loan facility	**4**
Capitalised fees relating to the high yield bonds	**4**
Total fees capitalised within the debt balances	**8**

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 B&M 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 was interest free but attracted 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 extension period was until April 2022, attracted a guarantor's fee of 1.0% and an additional average interest rate margin of 0.2%. The loan was fully repaid in November 2021.

The loan was 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 or bond decisions taken in the presented periods.

Other loans

The B&M France and Heron loan facilities are carried at their gross cash amount. The B&M France 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	26 March 2022	27 March 2021
	%		£'m	£'m
Revolving facility loan	1.75% + SONIA	N/A	-	-
Term facility bank loan A	2.00% + SONIA	Apr-25	300	300
High yield bond notes (2020)	3.625%	Jul-25	400	400
High yield bond notes (2021)	4.00%	Nov-28	250	-
Heron loan facilities – Melton	3.58%	Jul-22	3	3
Heron loan facilities – Term	2.50%	N/A	-	3
B&M France – Government Guaranteed	1.10-1.34%	N/A	-	22
B&M France – BNP Paribas	0.75-0.76%	Jul 23–Sep 24	1	1
B&M France – Caisse d'Épargne	0.75-1.51%	Aug 22-Oct 24	1	2
B&M France – CIC	0.71-1.20%	Nov 22-Jan 27	3	2
B&M France – Crédit Agricole	0.39-0.81%	Aug 23-Jan 28	1	2
B&M France - Crédit Lyonnais	0.68-0.74%	Nov 24-Mar 27	4	1
B&M France - Société Générale	0.63%	Jun-23	0	1
			963	737

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 and all B&M France facilities have gross values in euros, and the values above have been translated at the period end rates of €1.2009/£ (2021: €1.1691/£).

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

As at	26 March 2022 £'m	27 March 2021 £'m
Borrowings brought forward	730	772
Cash		
Repayment of revolving loan facilities	-	(120)
Repayment of term facility	-	(300)
Repayment of corporate bonds	-	(250)
Draw down of new term facility	-	300
Issue of new corporate bonds	250	400
Repayment of acquisition facility	-	(82)
Repayment of Heron loan facilities	(4)	(5)
(Repayment)/receipt of B&M France loan guaranteed by the French government	(22)	23
Receipt/(repayment) of other B&M France loan facilities	1	(1)
Capitalised fees on refinancing	(3)	(11)
Non-cash		
Foreign exchange on loan balances	2	(3)
Refinancing fees directly expensed	-	3
Ongoing amortisation of fees capitalised on refinancing	2	2
One-off fee amortisation on refinancing	-	2
Total cash movement in the year	222	(46)
Total non-cash movement in the year	4	4
Movement in the year	226	(42)
Borrowings carried forward	956	730
Of which current	6	7
Of which non-current	950	723

21 Provisions

	Property provisions £'m	Other £'m	Total £'m
At 28 March 2020	2	5	7
Provided in the period	8	4	12
Utilised during the period	(1)	(3)	(4)
Released during the period	(0)	(2)	(2)
At 27 March 2021	**9**	**4**	**13**
Provided in the period	**5**	**2**	**7**
Utilised during the period	**(1)**	**(2)**	**(3)**
Released during the period	**(2)**	**(0)**	**(2)**
At 26 March 2022	**11**	**4**	**15**
Current liabilities 2022	**7**	**4**	**11**
Non-current liabilities 2022	**4**	**-**	**4**
Current liabilities 2021	4	4	8
Non-current liabilities 2021	5	-	5

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 £9k per claim (£11k in 2021).

22 Share capital

Allotted, called up and fully paid	**Shares**	£'m
B&M European Value Retail S.A. ordinary shares of 10p each		
As at 28 March 2020	1,000,582,898	100
Release of shares related to employee share options	236,790	0
As at 27 March 2021	**1,000,819,688**	**100**
Release of shares related to employee share options	**407,148**	**0**
As at 26 March 2022	**1,001,226,836**	**100**

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 2,970,995,386 ordinary shares.

23 Cash generated from operations

Period ended	**52 weeks ended 26 March 2022 £'m**	52 weeks ended 27 March 2021 £'m
Profit before tax	**525**	525
Adjustments for:		
Net interest expense	**88**	90
Depreciation on property, plant and equipment	**62**	57
Depreciation on right of use assets	**163**	156
Impairment of right of use assets	**2**	5
Amortisation of intangible assets	**2**	3
(Gain)/loss on sale and leaseback	**(1)**	0
Loss on disposal of property, plant and equipment	**1**	1
Loss on share options	**2**	2
Change in inventories	**(260)**	(20)
Change in trade and other receivables	**(12)**	9
Change in trade and other payables	**40**	105
Change in provisions	**2**	6
Share of profit from associates	**(3)**	(2)
(Profit)/loss resulting from fair value of financial derivatives	**(13)**	7
Cash generated from operations	**598**	944

24 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
B&M France SAS	France	November 1977	100%	General retail
Centz N.I. Limited	UK	January 2021	100%	Property management

Registered Offices

- The Luxembourg entities are all registered at 68-70 boulevard de la Pétrusse, L-2320 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.
- B&M France are registered at 8 rue du Bois Joli, 63800 Cournon d'Auvergne.

SAS Babou were renamed as B&M France SAS during the year, BRP SAS were also merged into this entity.

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 11.

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.

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.

25 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 previously 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 either period end date.

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 that part of the forward contract 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 gain of £30m (2021: £22m loss) and a pre-tax loss in other comprehensive income of £27m (2021: £20m gain).

The net effective hedging loss transferred to the cost of inventories in the year was £5m (2021: net loss of £5m). At the period end the amount of outstanding US Dollar contracts covered by hedge accounting was $487m (2021: $474m). The change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness was £nil (2021: £nil).

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**	**26 March 2022 £'m**	27 March 2021 £'m
Effect on profit before tax	**+2.5%**	**(4)**	(5)
	-2.5%	**5**	6
Effect on other comprehensive income	**+2.5%**	**(9)**	(8)
	-2.5%	**10**	9

Profit before tax and other comprehensive income are not sensitive to the effects of a reasonably possible change in the Euro period end exchange rates.

These calculations have been performed by taking the period 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 until December 2021 and SONIA since that date.

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 floating 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**	**26 March 2022 £'m**	27 March 2021 £'m
Effect on profit before tax	**+50**	**(1)**	**(1)**
	-50	**1**	**1**

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.

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, (2021: 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 £'m	**Between 1 and 2 years £'m**	**Between 2 and 5 years £'m**	**More than 5 years £'m**	**Total £'m**
26 March 2022					
Interest bearing loans	**48**	**44**	**794**	**290**	**1,176**
Lease liabilities	**219**	**210**	**531**	**645**	**1,605**
Trade payables	**415**	**-**	**-**	**-**	**415**

27 March 2021					
Interest bearing loans	28	48	754	0	830
Lease liabilities	213	205	520	673	1,611
Trade payables	352	-	-	-	352

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	**26 March 2022**	27 March 2021
Financial assets	**£'m**	£'m
Fair value through profit and loss		
Forward foreign exchange contracts	**9**	3
Fair value through other comprehensive income		
Forward foreign exchange contracts	**16**	1
Loans and receivables		
Cash and cash equivalents	**173**	218
Trade receivables	**20**	14
Other receivables	**10**	6

As at	**26 March 2022**	27 March 2021
Financial liabilities	**£'m**	£'m
Fair value through profit and loss		
Forward foreign exchange contracts	**0**	6
Fair value through other comprehensive income		
Forward foreign exchange contracts	**-**	10
Amortised cost		
Overdraft	**-**	-
Lease liabilities	**1,310**	1,302
Interest-bearing loans and borrowings	**956**	730
Trade payables	**415**	352
Other payables	**12**	6

26 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, TJL 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).

There was a significant related party transaction in the period as SSA Investments participated in the Corporate Bonds issued by the Group in November 2021 by purchasing £56m of the 4.00% bonds with an eight year maturity. In the prior year they also 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 3.625% bonds were transferred to Rani 2 Holdings Limited (£50m) and Rani 1 Holdings Limited (£50m), also related parties, respectively.

£4m of interest expense was incurred on these bonds during the year with £2m accrued at the period end (2021: £3m, £1m respectively). Further details on these bonds are given in note 20.

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:

Period ended	**26 March 2022 £'m**	27 March 2021 £'m
Sales to associates of the Group		
Centz Retail Holdings Limited	**44**	45
Home Focus Group Limited	**-**	1
Total sales to related parties	**44**	46

Period ended	**26 March 2022 £'m**	27 March 2021 £'m
Purchases from associates of the Group		
Multi-lines International Company Ltd	**279.4**	230.4
Purchases from parties related to key management personnel		
Fulland Investments Limited	**0.2**	0.1
Golden Honest International Investments Limited	**0.2**	0.0
Hammond Investments Limited	**0.2**	0.1
Joint Sino Investments Limited	**0.2**	0.1
Ocean Sense Investments Limited	**0.2**	0.1
SSA Investments	**0.0**	0.2
Total purchases from related parties	**280.4**	231.0

The IFRS 16 Lease figures in relation to these related parties, which are all related to key management personnel, are as follows:

	Depreciation charge £'m	Interest charge £'m	Total charge £'m	Right of use asset £'m	Lease liability £'m	Net Liability £'m
Period ended 26 March 2022						
Rani Investments	**0**	**0**	**0**	**1**	**(1)**	**(0)**
Ropley Properties	**1**	**1**	**2**	**8**	**(11)**	**(3)**
TJL UK Limited	**1**	**1**	**2**	**11**	**(13)**	**(2)**
Triple Jersey Limited	**9**	**3**	**12**	**54**	**(67)**	**(13)**
	11	**5**	**16**	**74**	**(92)**	**(18)**

	Depreciation charge £'m	Interest charge £'m	Total charge £'m	Right of use asset £'m	Lease liability £'m	Net liability £'m
Period ended 27 March 2021						
Rani Investments	0	0	0	1	(1)	(0)
Ropley Properties	2	1	3	9	(13)	(4)
TJL UK Limited	1	0	1	12	(14)	(2)
Triple Jersey Limited	9	4	13	64	(78)	(14)
	12	5	17	86	(106)	(20)

Included in the current year figures above is one new lease entered into by Group companies during the current period with the Arora related parties (2021: two new). The total expense on this lease in the period was <£1m (2021: <£1m). There were no conditionally exchanged leases with Arora related parties in the current period with a long stop completion date (2021: none).

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

As at	26 March 2022 £'m	27 March 2021 £'m
Trade receivables from associates of the Group		
Centz Retail Holdings Ltd	**3**	8
Total related party trade receivables	**3**	8

As at	26 March 2022 £'m	27 March 2021 £'m
Trade payables to associates of the Group		
Multi-lines International Company Ltd	**25**	8
Trade payables to companies owned by key management personnel		
Ropley Properties Ltd	**0**	0
Triple Jersey Ltd	**2**	1
Total related party trade payables	**27**	9

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 balance with Multi-lines International Company Ltd includes $21m (2021: $nil) held within a supply chain facility. See note 18 for more details.

The business has not recorded any impairment of trade receivables relating to amounts owed by related parties at 26 March 2022 (2021: 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:

As at	26 March 2022 £'m	27 March 2021 £'m
Not later than one year	**15**	16
Later than one year and not later than two years	**14**	16
Later than two years and not later than five years	**36**	40
Later than five years	**47**	59
	112	131

See note 11 for further information on the Group's associates.

For further details on the transactions with key management personnel, see note 7 and the remuneration report.

27 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	**26 March 2022 £'m**	27 March 2021 £'m
Interest bearing loans and borrowings (note 20)	**963**	737
Less: Cash and short term deposits - overdrafts (note 17)	**(173)**	(218)
Net debt	**790**	519

28 Post balance sheet events

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

29 Dividends

A Special dividend of 25.0 pence per share (£250.3m), was declared in December 2021 and has been paid.

An interim dividend of 5.0 pence per share (£50.1m) was declared in November 2021 and has been paid.

A final dividend of 11.5 pence per share (£115.1m), giving a full year dividend of 16.5 pence per share (£165.2m), is proposed.

Relating to the prior year;
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 prior year.

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

A final dividend of 13.0 pence per share (£130.1m), giving a full year dividend of 17.3 pence per share (£173.1m) was declared in July 2021 and has been paid in the current year.

30 Contingent liabilities and guarantees

As at 27 March 2021 and 26 March 2022, 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 (2021: £300m), with the balance held in B&M European Value Retail Holdco 4 Ltd, and £650m (2021: £400m) for the notes, with the balance held in B&M European Value Retail S.A.

As at 27 March 2021 and 26 March 2022, 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 £3m (2021: £6m) with the balance held in Heron Foods Ltd.

31 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
Simon Arora (CEO)
Alex Russo (CFO)
Ron McMillan
Tiffany Hall
Carolyn Bradley
Paula MacKenzie (Appointed 9 November 2021)
Gilles Petit (Resigned 29 July 2021)

On 22 April 2022, Simon Arora announced his intention to retire from his position as CEO in twelve months' time.

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
30 May 2022