10 November 2022

B&M European Value Retail S.A.

FY23 Interim Results Announcement

Solid underlying growth in a tough environment

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods value retailer, today announces its interim results for the 26 weeks to 24 September 2022.

HIGHLIGHTS

- Group revenues increased by 1.8% on prior year to £2,309m (+1.9% constant currency[1]). This represents a step up in Q2 sales, which rose by 6.3% compared to a (2.3)% decline in Q1. Momentum has continued into Q3

- Group adjusted EBITDA[4] of £232m and margin of 10.0% on a pre-IFRS16 basis versus £282m and margin of 12.4% in the prior year, driven by the reduction in gross margin but a strong increase compared to the pre-pandemic adjusted EBITDA figure in HY1 FY20 of £151m and margin of 8.5%. Current year group adjusted EBITDA on a post-IFRS16 basis was £340m versus £385m in the previous year

- Group cash generated from operations was £370m (H1 FY22: £201m), year on year ("YoY") growth of 83.3% reflecting planned stock reductions and strong inventory controls

- B&M UK fascia[2] revenue decreased by (0.9)% on prior year, with like-for-like[3] ("LFL") revenues decreasing by (3.9)%. However, Q2 LFLs were up 2.0%, compared with a decline of (9.1)% in Q1, which was affected by the strong seasonal sales in Q1 in the previous year. Q2 3-year LFL increased by 14.4% with strong transaction numbers

- B&M UK adjusted EBITDA[4] % decreased to 10.6% (H1 FY22: 13.5%), which was driven by the trading gross margin % reduction of 213 bps[8], largely due to higher markdowns in the gardening category resulting from the late arrival of warm weather

- Total gross new store openings in in H1 FY23 for B&M UK were 10, 4 in France and 7 in Heron. New space is performing well and store standards continue to strengthen

- Strong strategic and financial progress in France as sales increased by 18.2%, with all stores now under the B&M banner and adjusted EBITDA[4] of £18m (9.6% of sales) versus £11m in H1 FY22 (7.3% of sales). The business continues to build strong operational momentum

- Strong operational and financial progress in Heron Foods as sales increased by 14.6% as consumers were attracted to our convenience discount stores. Adjusted EBITDA[4] of £14m (6.1% of sales) versus £13m in H1 FY22 (6.6% of sales)

- Group statutory operating profit was £249m (H1 FY22: £283m), statutory profit before tax was £201m (H1 FY22: £241m) and statutory diluted earnings per share was 15.7p (H1 FY22: 19.0p)

- An interim dividend[5] of 5.0p per Ordinary Share will be paid on 16 December 2022, which is at the same level as the previous financial year

- Net debt to adjusted EBITDA leverage ratio (pre-IFRS16) at 1.3x remaining comfortably below our previously stated ceiling of 2.25x. Strong cash generation and low leverage provides the Group with flexibility

- Trading has been good in the first six weeks of the Golden Quarter, with LFL sales up 2.5% in B&M UK stores and strong sell-through in non-grocery categories. We confirm previous guidance given of £550m - £600m Group adjusted EBITDA[4], significantly ahead of the pre-pandemic level of £342m in FY20

Alex Russo, Chief Executive, said,

"Sales momentum is good as we enter a difficult period for the economy and consumers. Our value-based approach is winning with existing and new customers, and we will do our very best to help them weather the cost-of-living crisis. We are well positioned as we trade through the Golden Quarter and our strategy remains unchanged – a relentless focus on price and product.

I would like to personally thank Simon Arora for his leadership of B&M. He and his brother Bobby have built an exceptional business and the team will continue to build on Simon's legacy. We see four drivers of long-term growth:

***i) Existing Stores**: We see potential for improving sales in existing stores, by continuing to improve store standards, by refining product mix and by emphasising our value for money credentials. Consumers are under pressure from inflation, falling real earnings and rising interest rates, but we are well positioned to help new and existing customers.*

***ii) New Stores**. We confirm our long-term target of 950 stores in the UK, which would represent an additional 35% more stores. Although new store openings have slowed during and since COVID, we retain a healthy pipeline and there are a significant number of localities in the United Kingdom where B&M is not represented at all.*

***iii) France**: Our business in France offers excellent long term growth potential – through new stores and through improving the offer as the business adopts B&M best practice and the B&M supply chain. With just 111 stores in a country with a population similar in size to the UK, medium to long term growth potential is high.*

***iv) Heron Foods:** During tough times consumers seek out value offerings and stores with limited ranges. This helps consumers manage their budgets, and in this environment Heron Foods (along with our B&M fascia stores) is particularly well positioned as a discount convenience store.*

We plan for an ongoing long term operating margin higher than pre-pandemic levels. During lockdown, the business demonstrated its ability to deliver operational gearing, as overall Group sales densities and profits increased. As sales returned to a normalised level, albeit significantly higher than pre-lockdown, some of the margin growth and operational gearing has moderated. The longer-term outlook remains positive for sustained margin improvement, with cost control, efficiencies and improved processes offsetting cost inflation.

We remain a highly cash generative business and we maintain our ceiling of 2.25x for gearing. We expect to be able to continue to return excess cash periodically to shareholders over and above normal dividends."

	H1 FY23	H1 FY22	Change
Total Group revenues	£2,309m	£2,268m	+1.8%
B&M UK	£1,892m	£1,910m	(0.9)%
B&M France	£184m	£155m	+18.2%
Heron Foods	£233m	£203m	+14.6%
Change in total group revenues at constant currency[1]	-	-	+1.9%
Group adjusted EBITDA[4]	£232m	£282m	(17.9)%
B&M UK	£200m	£258m	(22.3)%
B&M France	£18m	£11m	+54.6%
Heron Foods	£14m	£13m	+5.7%
Group adjusted EBITDA[4] margin %	10.0%	12.4%	(240) bps
Group cash generated from operations	£370m	£201m	+83.3%
Group adjusted profit before tax[4]	£178m	£238m	(25.3)%
Group statutory profit before tax	£201m	£241m	(16.7)%
Adjusted diluted EPS[4]	14.4p	18.7p	(23.0)%
Statutory diluted EPS	15.7p	19.0p	(17.4)%
Ordinary dividends[5]	5.0p	5.0p	-
Total number of stores	1,129	1,097	+2.9%
B&M UK	704	686	+2.6%
Heron Foods	314	307	+2.3%
France	111	104	+6.7%

Financial Results (unaudited)

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

2. References in this announcement to the B&M UK business includes the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business includes both the Heron Foods fascia and B&M Express fascia convenience stores in the UK. When reporting adjusted EBITDA, B&M UK also includes the corporate segment as referred to in note 2 of the financial statements, and includes an adjusted loss of <£1m (H1 FY22: loss of <£1m).

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 FY22. This 14-month approach has been adopted as it excludes the 2-month halo period which new stores experience following opening.

4. The Directors consider adjusted figures to be more reflective of the underlying business performance of the Group and believe that this measure provides additional useful information for investors on the Group's performance. Further details can be found in notes 3 and 4. In particular, adjusted figures exclude the impact of IFRS16, both to maintain comparability with prior periods and as management consider that the pre-IFRS 16 measure of rental costs is key to the operational management of the business.

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

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

7. Net debt comprises interest bearing loans and borrowings, overdrafts and cash and cash equivalents. Net debt was £736m at the year end, reflecting £959m as the carrying value of gross debt netted against £223m of cash. See note 8 of the financial statements for more details.

8. Trading Gross Margin is considered to be a meaningful measure of profitability as it refers to the measure of Gross Margin used by management to commercially run the business. It differs to the statutory definition for B&M, which declined 284bps from 37.3% to 34.5%, due to technical accounting adjustments in relation to the allocation of gains and losses from derivative accounting, storage costs and commercial income, with the derivative adjustments the main factor. Our current Group hedging profile is strong with a £108m asset included on the half year statement of financial position which is in relation to our foreign exchange position that runs until September 2023.

9. 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 interim report 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.

Results Presentation

An in-person presentation for analysts in relation to these FY23 Interim Results will be held today at 09:30 am (UK) at Bank of America, 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 https://www.bandmretail.com/investors/presentations/year/2022

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

Notes to editors
B&M European Value Retail S.A. is a variety retailer with 704 stores in the UK operating under the "B&M" brand, 314 stores under the "Heron Foods" and "B&M Express" brands, and 111 stores in France also operating under the "B&M" brand as at 24 September 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

OVERVIEW OF FY23 INTERIM RESULTS

The Group performed well throughout the first half of the financial year, building momentum as the half progressed and providing our customers with the best products and prices in the current environment. Group revenues for the 26 weeks ended 24 September 2022 grew by 1.8% to £2,309m and by 1.9% on a constant currency basis[1].

In the core B&M UK business, Q1 LFL sales declined by (9.1)%, due to the exceptionally strong seasonal performance at the start of the comparative prior year period. Q2 LFL sales were up 2.0%, showing growing momentum as the half progressed, which has continued into Q3.

Gross margins declined year on year with the main driver a reduction in B&M's trading gross margin by 213 bps[8] to 34.9% from 37.0%. This reduction is primarily driven by markdowns in the gardening category taken to have a clean closing position. The stock position is significantly lower than in the previous year and in the right place heading into the Golden Quarter. On a statutory basis profit before tax declined to £201m from £241m driven by the reduction in gross margins.

In France, total sales were up 18.2%, the strong momentum from FY22 has carried through and it has been a strong half against the strategic and financial objectives of the business. New store openings are performing well and 31 out of 111 are now company operated, rather than by mandated managers.

Heron Foods performed strongly in the period, with sales up 14.6%. Our discount convenience offering demonstrates that we can provide our customers everyday essentials at cheaper prices than our competitors – helping ease the pressure on many households.

Momentum builds across the first half of the year

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

B&M UK

In the UK, the B&M fascia[2] business, total revenues declined by (0.9)% to £1,892m (H1 FY22: £1,910m), against tough comparatives, but momentum built across the half year with Q2 sales up 5.0%. On a one-year basis, LFL sales decreased (3.9)%, Q2 LFLs were up 2.0% compared with the Q1 decline of (9.1)%, which was affected by the strong seasonal comparative.

There were a total of 10 gross new stores openings in H1. The performance of recent openings continues to be strong, with both the FY22 and H1 FY23 cohorts delivering a higher store contribution margin than the company average. New stores do not require a maturity period to achieve profitability, due to the disruptive nature of the retail offer and a capital light model, making the new store payback economics highly attractive. New store openings slowed during the pandemic and lockdown, impacting the pipeline, but we expect this to recover going forward.

B&M UK revenues also included £17m of wholesale revenues (H1 FY22: £24m), the majority of which represented sales made to our associate Centz Retail Holdings Limited, a chain of 49 variety goods stores in the Republic of Ireland.

B&M's trading gross margin reduced by 213 bps[8] to 34.9% from 37.0%. This reduction is primarily driven by markdowns in the gardening category taken to have a clean closing position. Our YoY total stock position has decreased significantly by £50m. Our current Group hedging profile is strong with a £108m asset included on the half year statement of financial position which is in relation to our foreign exchange position that runs until September 2023.

Operating costs excluding depreciation and amortisation increased by +7bps YoY as a % of revenue to 23.9% from 23.8%. This was because of an increase in store costs driven by a strategic decision to focus on store standards to drive LFL sales, offset against foreign exchange gains made due to our strong hedging position against the underlying spot rate. The increase in store costs is expected to moderate in H2.

Transport and distribution costs were managed effectively as a percentage of revenues despite the slightly negative LFL sales performance. The business has a long-standing shipping partner for goods sourced out of Asia, with freight rates fixed at contracted rates. Supply chain flexibility and service levels throughout H1 remain very robust.

Adjusted EBITDA[4] decreased by (22.3)% to £200m (H1 FY22: £258m), with adjusted EBITDA margin decreasing by 292 bps to 10.6% (H1 FY22: 13.5%), caused primarily by the decline in gross margin. Statutory operating profit for the period was £223m (H1 FY22: £265m).

B&M France

In France, revenues increased by 18.2% to £184m (H1 FY22: £155m). This represented a strong performance highlighting the appeal of the product range and continued improvement in store standards execution, with a modest increase caused by the six week 'soft lockdown' in place at the start of the comparative period.

Adjusted EBITDA[4] increased by 54.6% to £18m (H1 FY22: £11m), representing an adjusted EBITDA[4] margin of 9.6%, up 225 bps YoY (H1 FY22: 7.3%). Statutory operating profit for the period was £17m (H1 FY22: £10m).

Heron Foods

The discount convenience chain, Heron Foods, generated revenues of £233m up 14.6% (H1 FY22: £203m). As consumers look to manage their budgets, they increasingly turn to stores with lower prices and limited ranges. Like the B&M fascia, Heron Foods is well positioned to help consumers manage their budgets.

Adjusted EBITDA[4] increased by 5.7% to £14m (H1 FY22: £13m) representing an adjusted EBITDA[4] margin of 6.1%, down 52 bps YoY (H1 FY22: 6.6%). Statutory operating profit for the period was £9m (H1 FY22: £8m).

Group

Group adjusted EBITDA[4] decreased (17.9)% to £232m (H1 FY22: £282m), representing an adjusted EBITDA[4] margin of 10.0% (H1 FY22: 12.4%), a reduction of 240 bps year-on-year.

Depreciation and amortisation expenses, excluding the impact of IFRS16, grew by 10.4% to £35m (H1 FY22: £32m). This was due to continued investment in new stores across all fascias, with 32 more stores year-on-year across the Group at the end of H1.

The Group's adjusted profit before tax[4] decreased by (25.3)% to £178m (H1 FY22: £238m), whilst statutory profit before tax decreased by (16.7)% to £201m (H1 FY22: £241m). The impact of IFRS16 on the Group's interim financial statements was to decrease profit before tax by £5m.

Cashflow, capital expenditure and leverage

Cash generated from operations was £370m (H1 FY22: £201m), an increase of 83.3% YoY reflecting planned stock reductions and strong controls.

Group net capital expenditure, excluding IFRS16 right-of-use asset additions, was £45m (H1 FY22: £43m). This included £16m spent on 21 new stores opened in the first half across the Group (H1 FY22: £12m on 23 stores), £22m on maintenance works to ensure that our existing store estate and warehouses are appropriately invested (H1 FY22: £19m), and a total of £7m on infrastructure projects and opportunistic freehold acquisitions to support the continued growth of the business (H1 FY22: £12m).

The Group remains comfortably within its stated leverage ceiling of 2.25x, with a net debt[7] to last-twelve-months adjusted EBITDA[4] ratio of 1.3x at the end of H1 FY23 (H1 FY22: 1.1x), calculated on a pre-IFRS16 basis. The current leverage and cash position continues to be evaluated in line with the Group's capital allocation framework.

Dividend

An interim dividend of 5.0p[5] per Ordinary Share will be paid on 16 December 2022 to shareholders on the register at 18 November 2022. The ex-dividend date will be 17 November 2022. The dividend payment will be subject to a deduction of Luxembourg withholding tax of 15%.

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

Strategic performance

The macroeconomic backdrop remains highly uncertain, with the consumer challenged by high inflation, rising interest rates and by declining discretionary incomes. Against this backdrop we remain focused on delivering our strategic priorities around product, price and growth and on helping consumers weather the cost-of-living crisis. In doing so, we will deliver against our strategic priorities and against the 4 drivers of growth outlined earlier:

1. *Growing Sales in Existing Stores*

There remains considerable scope for growing sales in existing stores – through attracting new customers from different demographics and from existing customers increasing their spend with us, both helped by our engaging social media presence. B&M is able to trade well in an environment where customers are looking for value.

Whilst there are increasing numbers of people who need a bargain, everyone likes a bargain. Over the past two years, B&M have seen a number of new customers discover the stores and the brand. Retaining these customers is about providing low prices and quality goods, including leading brands. Our relentless focus on price and product will help us retain many recently won customers.

A combination of our evolving offer, low prices and improving store standards, against a tough consumer environment, leaves our existing stores well positioned to increase sales densities, as evidenced with our growing momentum through the first half.

2. *New B&M Stores*

We re-iterate our target of 950 stores, which represents a 35% increase in store numbers compared to today. With our appeal widening to other demographics, there is scope for increasing this number in the future. As it stands, there remain significant localities in the UK, where B&M is either under-represented or not represented at all.

In the core B&M UK business, 10 gross new stores were opened across the UK. There were 4 closures in H1 FY23, of which 3 were relocations, meaning that there was a net increase of 3 stores overall. The closed stores were typically opened over a decade ago and were in catchments where a larger, more modern store had been opened in a prior financial year and which is delivering materially superior returns.

Looking ahead to H2 FY23, the new store pipeline should deliver 10-12 openings in H2. With our uncompromised focus on the quality of store location and premises, progress on the roll out in H1 has been slower than anticipated but we expect this to recover going forward.

3. *France*

France is seen as a real growth area for the Group - off the back of the successfully completed B&M rebrand exercise. We remain focussed on working towards our long-term strategic and financial goals for the business. In the short term, a store roll-out plan is in place with further 3 new store openings to be completed in H2 and 10 openings planned for the next financial year.

The rebranding has been a success with 111 stores now under the B&M banner. Product ranges have been refined, prices sharpened and store standards stepped up. Sales in both the grocery and non-grocery categories have performed strongly.

The strong H1 FY23 performance and strong cash generation has demonstrated the significant progress we have made towards achieving our long-term strategic goals for the French business. Our strategy for France requires a clear focus, and as such no other international geographies are currently being evaluated to avoid any management distraction.

4. Heron Foods

Heron Foods remains a strong growth opportunity and a core part our business. Its strong sales in the first half demonstrate how this business is well positioned in the current environment. With only 314 stores currently, and requiring only small catchment areas, this convenience discount chain offers considerable scope for long term development.

Heron Foods opened 7 new stores and closed 4 stores in H1 FY23. These closures included 3 stores that had been unprofitable since opening prior to our acquisition, and 1 relocation. Heron Foods remains on track to achieve 15 gross new stores over the full financial year. The Heron Foods store estate has the potential to be materially larger than its current size over the longer term, and the Group is committed to carefully expanding its UK footprint.

Environmental, Social & Governance

Since publishing our first standalone ESG report in June 2022 progress has been made with our Scope 1 & 2 reduction targets, which have been validated by SBTi, along with a Scope 3 supplier engagement target and with developing a road map to Net Zero by 2040 using a science-based approach. We will look to improve our data collection processes to achieve more granular metrics and targets for both environmental and social issues, in accordance with the Global Reporting Initiative (GRI).

Outlook

We expect full year Group adjusted EBITDA[4] to be in the range £550m - £600m, in line with previous guidance. We are trading well into the first six weeks of Golden Quarter, with LFL sales at B&M UK up 2.5%. This represents a significant increase in total sales over pre-COVID levels, and is against a backdrop of rising interest rates, increased cost inflation and declining consumer confidence. We expect our gross margin to improve going forwards compared to H1, helped by strong stock discipline, and not impacted by disappointing weather patterns as at the beginning of Spring/Summer 2022.

We remain well positioned to benefit from consumers trading down in grocery and non-grocery. As some customers experience our value for money offer for the first time, so would we expect to retain many of these consumers into any economic recovery. We will continue to focus on building long term relationships and loyalty with our consumers and will not sacrifice hard-won, long-term positioning for short term gains.

The H2 FY23 new store pipeline for B&M UK is expected to be 10-12 stores, B&M France is on track to open 3 new stores with Heron Foods delivering an additional 8.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause actual results to materially differ from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the Annual Report for the year ended 26 March 2022.

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

Detailed explanations of these risks are set out on pages 26 to 34 of the Annual Report 2022 which is available at https://www.bandmretail.com/investors/presentations/year/2022

Alex Russo
Chief Executive Officer
9 November 2022

To the Shareholders of
B&M European Value Retail S.A.
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Luxembourg

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of B&M European Value Retail S.A. as at 24 September 2022, the related condensed consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the 26 week period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information").

Board of Directors' responsibility for the condensed consolidated interim financial information

The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of condensed consolidated interim financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "lnstitut des Réviseurs d'Entreprises".

This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed consolidated interim financial information in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'Entreprises Agréé" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 24 September 2022 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 9 November 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Thierry Ravasio

Condensed consolidated statement of Comprehensive Income

	Note	**26 weeks ended 24 September 2022 £'m**	Restated* 26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Revenue	2	**2,309**	2,268	4,673
Cost of sales		**(1,501)**	(1,420)	(2,921)
Gross profit		**808**	848	1,752
Administrative expenses		**(560)**	(566)	(1,142)
Operating profit		**248**	282	610
Share of profits of investments in associates		**1**	1	3
Profit on ordinary activities before interest and tax		**249**	283	613
Finance costs on lease liabilities		**(29)**	(30)	(59)
Other finance costs		**(19)**	(12)	(29)
Finance income		**0**	0	0
Profit on ordinary activities before tax		**201**	241	525
Income tax expense	5	**(44)**	(50)	(103)
Profit for the period		**157**	191	422
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on retranslation of subsidiaries and associates		**6**	0	(2)
Fair value movements recorded in the hedging reserve		**85**	7	20
Tax effect of other comprehensive income		**(10)**	(3)	(4)
Total other comprehensive income		**81**	4	14
Total comprehensive income for the period		**238**	195	436
Earnings per share				
Basic earnings attributable to ordinary equity holders (pence)	4	**15.7**	19.0	42.2
Diluted earnings attributable to ordinary equity holders (pence)	4	**15.7**	19.0	42.1

* 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 condensed consolidated financial statements.

Condensed consolidated statement of Financial Position

Assets	Note	**24 September 2022 £'m**	25 September 2021 £'m	26 March 2022 £'m
Non-current				
Goodwill		**922**	921	920
Intangible assets		**122**	119	120
Property, plant and equipment		**375**	350	363
Right-of-use assets		**1,052**	1,057	1,066
Investments accounted for using the equity method		**9**	5	8
Other receivables		**6**	7	7
Deferred tax asset		**26**	34	31
		2,512	2,493	2,515
Current				
Cash and cash equivalents		**223**	92	173
Inventories		**837**	887	863
Trade and other receivables		**72**	69	53
Other current financial assets		**108**	16	25
Income tax receivable		**-**	6	9
		1,240	1,070	1,123
Total assets		**3,752**	3,563	3,638
Equity				
Share capital	7	**(100)**	(100)	(100)
Share premium		**(2,478)**	(2,476)	(2,476)
Retained earnings		**(162)**	(189)	(121)
Hedging reserve		**(58)**	(7)	(13)
Legal reserve		**(10)**	(10)	(10)
Merger reserve		**1,979**	1,979	1,979
Foreign exchange reserve		**(11)**	(7)	(5)
		(840)	(810)	(746)
Non-current liabilities				
Interest-bearing loans and borrowings	8	**(951)**	(699)	(950)
Lease liabilities		**(1,139)**	(1,137)	(1,140)
Deferred tax liabilities		**(39)**	(36)	(43)
Provisions		**(5)**	(8)	(4)
		(2,134)	(1,880)	(2,137)
Current liabilities				
Interest-bearing loans and borrowings	8	**(1)**	(42)	(6)
Trade and other payables		**(590)**	(644)	(564)
Lease liabilities		**(172)**	(172)	(170)
Other financial liabilities		**-**	-	(0)
Income tax payable		**(7)**	(6)	(4)
Provisions		**(8)**	(9)	(11)
		(778)	(873)	(755)
Total liabilities		**(2,912)**	(2,753)	(2,892)
Total equity and liabilities		**(3,752)**	(3,563)	(3,638)

The accompanying accounting policies and notes form an integral part of this financial information. The condensed financial statements were approved by the Board of Directors on 9 November 2022 and signed on their behalf by:

A. Russo, Chief Executive Officer.

Condensed 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 Share-holders' equity £'m
Balance at 27 March 2021	100	2,475	128	(8)	10	(1,979)	7	733
Declaration of year end dividend	-	-	(130)	-	-	-	-	(130)
Ordinary dividend payments to owners	-	-	-	-	-	-	-	-
Special dividends declared	-	-	-	-	-	-	-	-
Effect of share options	0	1	-	-	-	-	-	1
Total for transactions with owners	0	1	(130)	-	-	-	-	(129)
Profit from continuing operations	-	-	191	-	-	-	-	191
Other comprehensive income (restated*)	-	-	-	4	-	-	-	4
Total comprehensive income for the period	-	-	191	4	-	-	-	195
Hedging gains & losses reclassified as inventory (restated*)	-	-	-	11	-	-	-	11
Balance at 25 September 2021	100	2,476	189	7	10	(1,979)	7	810
Ordinary dividend payments to owners	-	-	-	-	-	-	-	-
Declaration of interim dividend	-	-	(50)	-	-	-	-	(50)
Special dividend payments to owners	-	-	(250)	-	-	-	-	(250)
Effect of share options	-	-	1	-	-	-	-	1
Total for transactions with owners	-	-	(299)	-	-	-	-	(299)
Profit from continuing operations	-	-	231	-	-	-	-	231
Other comprehensive income	-	-	-	12	-	-	(2)	10
Total comprehensive income for the period	-	-	231	12	-	-	(2)	241
Hedging gains & losses reclassified as inventory	-	-	-	(6)	-	-	-	(6)
Balance at 26 March 2022	**100**	**2,476**	**121**	**13**	**10**	**(1,979)**	**5**	**746**
Ordinary dividend payments to owners	**-**	**-**	**(115)**	**-**	**-**	**-**	**-**	**(115)**
Effect of share options	**0**	**2**	**(1)**	**-**	**-**	**-**	**-**	**1**
Total for transactions with owners	**0**	**2**	**(116)**	**-**	**-**	**-**	**-**	**(114)**
Profit for the period	**-**	**-**	**157**	**-**	**-**	**-**	**-**	**157**
Other comprehensive income	**-**	**-**	**-**	**75**	**-**	**-**	**6**	**81**
Total comprehensive income for the period	**-**	**-**	**157**	**75**	**-**	**-**	**6**	**238**
Hedging gains & losses reclassified as inventory	**-**	**-**	**-**	**(30)**	**-**	**-**	**-**	**(30)**
Balance at 24 September 2022	**100**	**2,478**	**162**	**58**	**10**	**(1,979)**	**11**	**840**

* Other comprehensive income, total comprehensive income and hedging gains & losses reclassified as inventory have been restated in the prior year 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.

Condensed consolidated statement of Cash Flows

	Note	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Cash flows from operating activities				
Cash generated from operations	9	**370**	201	**598**
Income tax paid		**(42)**	(59)	**(107)**
Net cash flows from operating activities		**328**	142	**491**
Cash flows from investing activities				
Purchase of property, plant and equipment		**(47)**	(48)	**(96)**
Purchase of intangible assets		**(3)**	(2)	**(4)**
Proceeds from the sale of property, plant and equipment		**5**	7	**15**
Finance income received		**0**	0	**0**
Net cash flows from investing activities		**(45)**	(43)	**(85)**
Cash flows from financing activities				
Newly issued corporate bonds	8	**-**	-	**250**
Net receipt of Group revolving bank loans		**-**	20	**-**
Net repayment of Heron bank facilities		**(3)**	(1)	**(4)**
Net repayment of government backed loan in France		**-**	(8)	**(22)**
Net (repayment)/receipt of French bank facilities	8	**(2)**	(2)	**1**
Repayment of the principal in relation to right-of-use assets		**(69)**	(63)	**(159)**
Payment of interest in relation to right-of-use assets		**(29)**	(30)	**(59)**
Fees on refinancing	8	**-**	-	**(3)**
Other finance costs paid		**(17)**	(12)	**(24)**
Dividends paid to owners of the parent		**(115)**	(130)	**(430)**
Net cash flows from financing activities		**(235)**	(226)	**(450)**
Effects of exchange rate changes on cash and cash equivalents		**2**	1	**(1)**
Net increase/(decrease) in cash and cash equivalents		**50**	(126)	**(45)**
Cash and cash equivalents at the beginning of the period		**173**	218	**218**
Cash and cash equivalents at the end of the period		**223**	92	**173**
Cash and cash equivalents comprise:				
Cash at bank and in hand		**223**	92	**173**
Overdrafts		**-**	-	**-**
		223	92	**173**

Notes to the financial information

1 General information and basis of preparation

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

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

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

The principal accounting policies have remained unchanged from the prior financial information for the Group for the period to 26 March 2022.

The financial statements for B&M European Value Retail S.A. for the period to 26 March 2022 have been reported on by the Group auditor and delivered to the Luxembourg Registrar of Companies. The audit report was unqualified.

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 interim report where the Group has rounded to the nearest million (previously rounding to the nearest thousand). In transitioning the prior half year accounts, usual rounding practices have been adhered to.

This consolidated financial information does not constitute statutory financial statements.

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 £11m in other and total comprehensive income for the prior half 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

This Group financial information consolidates the financial information of the company and its subsidiary undertakings, together with the Group's share of the net assets and results of associated undertakings, for the period from 27 March 2022 to 24 September 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 arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Going concern

As a value retailer, the Group is well placed to withstand volatility within the economic environment. The Group's forecasts and projections, which are prepared through to March 2024 and take into account reasonably possible changes in trading performance show that the Group will trade within its current banking facilities for that period.

The forecasts have been sensitised to the recent macro-economic volatility, including consideration of the US Dollar rate, interest rates and utility costs, none of which were considered to have a significant impact on this going concern statement due to the Group's existing headroom and available mitigations.

The Group refinanced in July 2020 and the current banking facilities do not mature until April 2025, with the current high yield bonds maturing in July 2025 and November 2028. The Group's US Dollar forward derivatives had an asset value of £108m at the end of the half.

Accordingly, the Director's continue to adopt the going concern basis in preparing these financial statements.

Critical judgments and key sources of estimation uncertainty

There are no significant changes to the items listed in the 2022 Annual Report.

2 Segmental information

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

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

For management purposes, the Group is organised into three operating segments, UK B&M, UK Heron and France B&M segments comprising the three separately operated business units within the Group.

Items that fall into the corporate category, which is not a separate segment but is presented to reconcile the balances to those presented in the main statements, include those related to the Luxembourg or associate entities, Group financing, corporate transactions, any tax adjustments and items we consider to be adjusting (see note 3).

The average euro rate for translation purposes was €1.1759/£ during the period, with the period end rate being €1.1228/£ (March 2022: €1.1756/£ and €1.2009; September 2021: €1.1648/£ and €1.1673/£ respectively).

26 week period to 24 September 2022	**UK B&M** £'m	**UK Heron** £'m	**France B&M** £'m	**Corporate** £'m	**Total** £'m
Revenue	**1,892**	**233**	**184**	**-**	**2,309**
EBITDA (note 3)	**200**	**14**	**18**	**28**	**260**
EBITDA (IFRS 16) (note 3)	**287**	**20**	**34**	**27**	**368**
Depreciation and amortisation	**(91)**	**(11)**	**(17)**	**-**	**(119)**
Net finance expense	**(23)**	**(1)**	**(6)**	**(18)**	**(48)**
Income tax expense	**(35)**	**(2)**	**(3)**	**(4)**	**(44)**
Segment profit	**138**	**6**	**8**	**5**	**157**
Total assets	**2,944**	**290**	**375**	**143**	**3,752**
Total liabilities	**(1,500)**	**(122)**	**(281)**	**(1,009)**	**(2,912)**
Capital expenditure*	**(41)**	**(5)**	**(4)**	**-**	**(50)**

26 week period to 25 September 2021	UK B&M £'m	UK Heron £'m	France B&M £'m	Corporate £'m	Total £'m
Revenue	1,910	203	155	-	2,268
EBITDA (note 3)	258	13	11	10	292
EBITDA (IFRS 16) (note 3)	339	19	27	10	395
Depreciation and amortisation	(84)	(11)	(17)	-	(112)
Net finance expense	(24)	(1)	(6)	(11)	(42)
Income tax expense	(43)	(1)	(1)	(5)	(50)
Segment profit/(loss)	188	6	3	(6)	191
Total assets	2,855	287	360	61	3,563
Total liabilities	(1,588)	(120)	(257)	(788)	(2,753)
Capital expenditure*	(39)	(4)	(7)	-	(50)

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)

* Capital expenditure includes both tangible and intangible capital

Revenue is disaggregated geographically as follows:

Period to	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Revenue due to UK operations	**2,125**	2,113	4,320
Revenue due to French operations	**184**	155	353
Overall revenue	**2,309**	2,268	4,673

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

As at	**24 September 2022 £'m**	25 September 2021 £'m	26 March 2022 £'m
UK operations	**2,237**	2,223	2,252
French operations	**240**	231	224
Luxembourg operations	**9**	5	8
Overall	**2,486**	2,459	2,484

The Group operates small wholesale and online operations, with the relevant disaggregation of revenue as follows:

Period to	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Revenue due to sales made in stores	**2,289**	2,244	4,628
Revenue due to wholesale activities	**17**	24	45
Revenue due to online activities	**3**	-	-
Overall revenue	**2,309**	2,268	4,673

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

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

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

Period to	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Profit on ordinary activities before interest and tax	**249**	283	613
Add back depreciation and amortisation	**119**	112	227
EBITDA (IFRS 16)	**368**	395	840
Exclude effects of IFRS 16 on administrative expenses	**(108)**	(103)	(209)
EBITDA	**260**	292	631
Reverse the fair value effect of ineffective derivatives	**(28)**	(10)	(13)
Foreign exchange on intercompany balances	**0**	0	1
Adjusted EBITDA	**232**	282	619
Pre-IFRS 16 depreciation and amortisation	**(35)**	(32)	(66)
Net adjusted finance costs (see below)	**(19)**	(12)	(29)
Adjusted profit before tax	**178**	238	524
Adjusted tax	**(34)**	(51)	(107)
Adjusted profit for the period	**144**	187	417

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

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

Period to	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Adjusted EBITDA (above)	**232**	282	619
Include effects of IFRS 16 on EBITDA	**108**	103	209
Adjusted EBITDA (IFRS 16)	**340**	385	828
Depreciation and amortisation	**(119)**	(112)	(227)
Interest costs related to lease liabilities	**(29)**	(30)	(59)
Net adjusted other finance costs	**(19)**	(12)	(29)
Adjusted profit before tax (IFRS 16)	**173**	231	513
Adjusted tax	**(35)**	(48)	(101)
Adjusted profit for the period (IFRS 16)	**138**	183	412

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

Period to	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Other finance costs from the statement of comprehensive income	**(19)**	(12)	(29)
Finance income from the statement of comprehensive income	**0**	0	0
Net adjusted finance costs	**(19)**	(12)	(29)

Adjusting items are the effects of derivatives, one off refinancing fees, foreign exchange on the translation of intercompany balances and the effects of revaluing or unwinding balances related to the acquisition of subsidiaries. Adjusted tax represents the tax charge per the statement of comprehensive income as adjusted only for the effects of the adjusting items detailed above. All adjusting items are considered to relate to the corporate segment.

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

4 Earnings per share

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

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

Adjusted (and adjusted (IFRS 16)) basic and diluted earnings per share are calculated in the same way as above, except using adjusted profit attributable to ordinary equity holders of the parent, as defined in note 3.
There are share option schemes in place which have a dilutive effect on all periods presented. The increase in the number of shares used in the calculation of the basic earnings per share is due to the exercise of some of these options.

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

Period to	**24 September 2022 £'m**	25 September 2021 £'m	26 March 2022 £'m
Profit for the period attributable to owners of the parent	**157**	191	422
Adjusted profit for the period attributable to owners of the parent	**144**	187	417
Adjusted (IFRS 16) profit for the period attributable to owners of the parent	**138**	183	412
	Thousands	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**1,001,331**	1,000,894	1,001,061
Dilutive effect of employee share options	**1,986**	1,740	1,893
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,003,317**	1,002,634	1,002,954
	Pence	Pence	Pence
Basic earnings per share	**15.7**	19.0	42.2
Diluted earnings per share	**15.7**	19.0	42.1
Adjusted basic earnings per share	**14.4**	18.7	41.6
Adjusted diluted earnings per share	**14.4**	18.7	41.6
Adjusted IFRS 16 basic earnings per share	**13.8**	18.3	41.2
Adjusted IFRS 16 diluted earnings per share	**13.8**	18.2	41.1

5 Taxation

The continuing tax charge for the interim period has been calculated on the basis of the corporation tax rate for the full year of 19% (UK) and 25% (France) and then adjusted for allowances and non-deductibles in line with the prior year.

6 Impairment review

Impairment reviews of the B&M UK, Heron and B&M France segments were carried out at the year end, see the 2022 annual report for further details.

In the annual impairment review, Heron was found to have a lower level of headroom, however, their performance in the first half of this financial year has exceeded the performance expected in the forecast prepared for use in the impairment review. There were also no other indicators of impairment noted. Management therefore consider that a full additional interim impairment review was not required.

Management have also judged that there are no identifiable triggers for a further impairment review in any of the other segments to be carried out.

Full impairment reviews will next be carried out at the Groups next year end date of 25 March 2023.

7 Share capital

Allotted, called up and fully paid	**Nominal value £'m**	**Number of shares**
B&M European Value Retail S.A. Ordinary shares of 10p each;		
At 27 March 2021	100	1,000,819,688
Shares issued due to exercise of employee share options	0	407,148
25 September 2021 and 26 March 2022	100	1,001,226,836
Shares issued due to exercise of employee share options	**0**	**626,899**
At 24 September 2022	**100**	**1,001,853,735**

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

In addition to the issued share capital, the company has an authorised but unissued share capital of 2,970,368,487 ordinary shares.

The outstanding share options can be summarised as follows:

	24 September 2022	25 September 2021	26 March 2022
Vested, available to exercise	**-**	112,901	105,244
Not vested, not subject to conditions (in holding)	**1,487,106**	712,600	745,511
Not vested, subject to conditions	**1,767,452**	2,282,682	2,319,878
Total outstanding share options	**3,254,558**	3,108,183	3,170,633

For the dilutive effect of these see note 4.

8 Financial liabilities - borrowings

	24 September 2022 £'m	25 September 2021 £'m	26 March 2022 £'m
Current			
Revolving facility bank loan	**-**	20	-
French government backed loan facility	**-**	13	-
France other loan facilities	**1**	3	3
Heron loan facilities	**-**	6	3
	1	42	6
Non-current			
High yield bond notes	**646**	397	646
Term facility bank loan	**297**	297	297
France loan facilities	**8**	5	7
	951	699	950

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 11 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.

Loan details

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

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

The current applicable interest rates, gross cash debt and maturities on the Group's loans are as follows:

	Interest rate %	**Maturity**	**24 September 2022 £'m**	25 September 2021 £'m	26 March 2022 £'m
Revolving facility loan	1.75% + SONIA	N/A	**-**	20	-
Term facility bank loan A	2.00% + SONIA	Apr-25	**300**	300	300
High yield bond notes (2020)	3.625%	Jul-25	**400**	400	400
High yield bond notes (2021)	4.00%	Nov-28	**250**	-	250
Heron loan facilities – Melton	N/A	N/A	**-**	3	3
Heron loan facilities – Term	N/A	N/A	**-**	3	-
B&M France – Government Guaranteed	N/A	N/A	**-**	13	-
B&M France – BNP Paribas	0.75-0.76%	Jul 23–Sep 24	**1**	1	1
B&M France – Caisse d'Épargne	0.75-1.51%	Aug 23-Oct 24	**1**	1	1
B&M France – CIC	0.71-1.20%	Nov 22-Jan 27	**2**	2	3
B&M France – Crédit Agricole	0.39-0.81%	Aug 23-Jan 28	**1**	2	1
B&M France - Crédit Lyonnais	0.68-0.74%	Nov 24-Mar 27	**4**	1	4
B&M France - Société Générale	0.63%	Jun-23	**0**	1	0
			959	747	963

The revolving facility of £155m is committed until April 2025 in line with the term facility.

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

The Group transitioned from LIBOR based floating rates to SONIA based floating rates during FY22. This has not had a material impact on the accounts.

The Group measures net debt as the total of the gross cash borrowed less the cash held on the statement of financial position:

	24 September 2022 £'m	25 September 2021 £'m	26 March 2022 £'m
Interest bearing loans and borrowings	**959**	747	963
Less : Cash and short term deposits – overdrafts	**(223)**	(92)	(173)
Net debt	**736**	655	790

9 Reconciliation of profit before tax to cash generated from operations

	26 weeks ended 24 September 2022 £'m	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Profit before tax	**201**	241	525
Adjustments for:			
Net interest expense	**48**	42	88
Depreciation of property, plant and equipment	**34**	30	62
Depreciation of right of use assets	**84**	81	163
Impairment of right of use assets	**0**	-	2
Amortisation of intangible assets	**1**	1	2
Gain on sale and leaseback	**(1)**	(0)	(1)
(Gain)/loss on disposal of property, plant and equipment	**(0)**	1	1
Charge on share options	**1**	1	2
Change in inventories	**32**	(282)	(260)
Change in trade and other receivables	**(21)**	(27)	(12)
Change in trade and other payables	**21**	120	40
Change in provisions	**(1)**	4	2
Share of profit from associates	**(1)**	(1)	(3)
Gain resulting from fair value of financial derivatives	**(28)**	(10)	(13)
Cash generated from operations	**370**	201	598

10 Financial instruments

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

As at	**24 September 2022**	25 September 2021	26 March 2022
Financial assets:	**£'m**	£'m	£'m
Fair value through profit and loss			
Forward foreign exchange contracts	**37**	7	9
Fair value through other comprehensive income			
Forward foreign exchange contracts	**71**	9	16
Loans and receivables			
Cash and cash equivalents	**223**	92	173
Trade receivables	**22**	22	20
Other receivables	**17**	15	10

As at	24 September 2022	25 September 2021	26 March 2022
Financial liabilities	**£'m**	£'m	£'m
Fair value through profit and loss			
Forward foreign exchange contracts	**-**	-	0
Amortised cost			
Lease liabilities	**1,311**	1,309	1,310
Interest-bearing loans and borrowings	**952**	741	956
Trade payables	**415**	478	415
Other payables	**9**	7	12

Financial instruments at fair value through profit and loss

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

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

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

11 Related party transactions

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

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

Ropley Properties Ltd, Triple Jersey Ltd, TJL UK Ltd, Rani Investments, Fulland Investments Limited, Golden Honest International Investments Limited, Hammond Investments Limited, Joint Sino Investments Limited and Ocean Sense Investments Limited, all landlords of properties occupied by the Group, and Rani 1 Holdings Limited, Rani 2 Holdings Limited and SSA Investments, bondholders and beneficial owners of equipment hired to the Group, are directly or indirectly owned by director Simon Arora, his family, or his family trusts (together, the Arora related parties).

There was a significant related party transaction in the period in June 2022 as SSA Investments purchased a total of £43m of our 4.00% corporate bonds and £13m of our 3.625% corporate bonds. Purchases have also been made in prior periods and the overall position is summarised in the table below with all related party bondholders being Arora related parties.

	26 weeks ended 24 September 2022	26 weeks ended 25 September 2021	52 weeks ended 26 March 2022
	£'m	£'m	£'m
SSA Investments (3.625%, 2025 Bonds)	**13**	-	-
SSS Investments (4.000%, 2028 Bonds)	**99**	56	-
Rani 1 Investments (3.625%, 2025 Bonds)	**50**	50	50
Rani 2 Investments (3.625%, 2025 Bonds)	**50**	50	50
Total	**212**	156	100

The interest expense recorded on these bonds was £4m, with £2m accrued at the period end (September 21: £2m, £1m and March 22: £4m, £2m respectively).

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

	26 weeks ended 24 September 2022 £'m	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Sales to associates of the Group			
Centz Retail Holdings Limited	**16**	24	44
Total sales to related parties	**16**	24	44

	26 weeks ended 24 September 2022 £'m	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Purchases from associates of the Group			
Multi-lines International Company Ltd	**90.3**	137.8	279.4
Purchases from parties related to key management personnel			
Fulland Investments Limited	**0.2**	0.1	0.2
Golden Honest International Investments Limited	**0.1**	0.1	0.2
Hammond Investments Limited	**0.1**	0.1	0.2
Joint Sino Investments Limited	**0.1**	0.1	0.2
Ocean Sense Investments Limited	**0.2**	0.1	0.2
SSA Investments	**0.1**	-	0.0
Total sales to related parties	**91.1**	138.3	280.4

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

	Depreciation charge £'m	Interest charge £'m	Total charge £'m	Right of use asset £'m	Lease liability £'m	Net liability £'m
Period ended 24 September 2022						
Rani Investments	**0**	**0**	**0**	**1**	**(1)**	**(0)**
Ropley Properties	**1**	**0**	**1**	**7**	**(11)**	**(4)**
TJL UK Limited	**0**	**0**	**0**	**11**	**(13)**	**(2)**
Triple Jersey Limited	**4**	**2**	**6**	**50**	**(63)**	**(13)**
	5	**2**	**7**	**69**	**(88)**	**(19)**
Period ended 25 September 2021						
Rani Investments	0	0	0	1	(1)	(0)
Ropley Properties	1	0	1	9	(13)	(4)
TJL UK Limited	1	0	1	12	(14)	(2)
Triple Jersey Limited	4	2	6	60	(75)	(15)
	6	2	8	82	(103)	(21)
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)

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

	24 September 2022 £'m	25 September 2021 £'m	26 March 2022 £'m
Trade receivables			
With associates of the Group:			
Centz Retail Holdings Limited	**5**	8	3
Total trade receivables	**5**	8	3

Trade payables	**26 weeks ended 24 September 2022 £'m**	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
With associates of the Group:			
Multi-lines International Company Ltd	**22**	22	25
With parties related to key management personnel:			
Ropley Properties Ltd	**0**	0	0
Triple Jersey Ltd	**0**	0	2
Total sales to related parties	**22**	22	27

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 $16m (September 2021: $nil; March 2022: $21m) held within a supply chain 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 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.

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.

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

The future lease commitments on the related party properties are;

	26 weeks ended 24 September 2022 £'m	26 weeks ended 25 September 2021 £'m	52 weeks ended 26 March 2022 £'m
Not later than one year	**15**	17	15
Later than one year and not later than two years	**14**	16	14
Later than two years and not later than five years	**36**	39	36
Later than five years	**41**	55	47
	106	127	112

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

12 Commitments

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

13 Post balance sheet events

An interim dividend of 5.0p per Ordinary Share will be paid on 16 December 2022.

14 Directors

The directors that served during the period were:

Peter Bamford (Chairman)
A Russo (CEO, from 26 September 2022, previously CFO)
S Arora (CEO to 26 September 2022)
M Schmidt (CFO, appointed 1 November 2022)
R McMillan
T Hall
C Bradley
P MacKenzie
O Tant (Appointed 1 November 2022)

Whilst Simon Arora has retired as CEO, he will continue to serve the Board as an Executive Director until the end of his notice period in April 2023.

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

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the EU;

- The Interim Management Report includes a fair review of the information required by:

    a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial period and their impact on the condensed set of interim financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the reporting period; and

    b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Alex Russo
Chief Executive Officer
9 November 2022